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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

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This Offering Circular is not a prospectus for the purposes of the European Union’s Directive 2003/71/EC (and any amendments thereto) as implemented in member states of the European Economic Area (the “**EU Prospectus Directive**”). This Offering Circular has been prepared on the basis that all offers of the securities made to persons in any member state of the European Economic Area which has implemented the EU Prospectus Directive will be made pursuant to an exemption under the EU Prospectus Directive from the requirement to produce a prospectus in connection with offers of the securities.

Confirmation of Your Representation: This Offering Circular is being sent at your request and by accepting the electronic mail and accessing this Offering Circular, you shall be deemed to have represented to us that you are not in the United States and that the electronic mail address that you gave us and to which this electronic mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

The communication of the attached document and any other document or materials relating to the issue of the securities offered hereby is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the United Kingdom’s Financial Services and Markets Act 2000, as amended. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, any person in the United Kingdom other than (i) persons who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”); and (ii) high net worth entities falling within article 49(2)(a) to (d) of the Order (all such persons together being referred to as “**Relevant Persons**”). This document is directed only at Relevant Persons. Other persons should not act on this document or any of its contents. This document is confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any other purpose.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person.

The materials relating to the offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licenced broker or dealer and the underwriters or any affiliate of the underwriters is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of us in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Joint Lead Managers (as defined therein) or any person who controls a Joint Lead Manager, or any director, officer, employee or agent of any of the Joint Lead Managers, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

Actions That You May Not Take: You should not reply by e-mail to this electronic transmission, and you may not purchase any Securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

You are responsible for protecting against viruses and other destructive items. Your use of this electronic mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

WEICHAI INTERNATIONAL HONG KONG ENERGY GROUP CO., LIMITED

(濶柴國際(香港)能源集團有限公司)

(incorporated in Hong Kong with limited liability)

US\$775,000,000 3.75 PER CENT. SENIOR GUARANTEED PERPETUAL CAPITAL SECURITIES

ISSUE PRICE: 100.00 PER CENT.

UNCONDITIONALLY AND IRREVOCABLY GUARANTEED BY



WEICHAI POWER CO., LTD.

(濶柴動力股份有限公司)

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

(Hong Kong Stock Exchange Stock Code: 2338; Shenzhen Stock Exchange Stock Code: 000338)

The 3.75 per cent. Senior Guaranteed Perpetual Capital Securities (the "Securities") will be issued in the aggregate principal amount of US\$775,000,000 by Weichai International Hong Kong Energy Group Co., Limited (the "Issuer") and are in registered form in the denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. The Securities will be unconditionally and irrevocably guaranteed (the "Guarantee") by Weichai Power Co., Ltd. (the "Guarantor").

The Securities confer a right to receive distributions (each a "Distribution") from 14 September 2017 (the "Original Issue Date") at the applicable Distribution Rate in accordance with Condition 4 of the Terms and Conditions of the Securities. Subject to Condition 4(d) of the Terms and Conditions of the Securities, Distributions shall be payable on the Securities semiannually in arrear on 14 March and 14 September of each year (each, a "Distribution Payment Date"), commencing on 14 March 2018.

The Securities constitute direct, unsecured, unconditional and unsubordinated obligations of the Issuer, except for such obligations as may be preferred by applicable provisions of law, and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Securities shall, save for such exceptions as may be provided by mandatory provisions of applicable law and regulations, at all times rank at least *pari passu* with all its other present and future, unsecured, unconditional and unsubordinated obligations.

The Guarantor will enter into a deed of guarantee (the "Deed of Guarantee") with The Hongkong and Shanghai Banking Corporation Limited (the "Trustee") as trustee of the holders of Securities on or around 14 September 2017 (the "Issue Date"). The Guarantor will file or cause to be filed with the State Administration of Foreign Exchange (the "SAFE") of the PRC the Deed of Guarantee in accordance with, and within the time period prescribed by, the Foreign Exchange Administration Rules on Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by the SAFE. The Guarantor intends to complete the registration of the Deed of Guarantee with the SAFE as soon as practicable. The obligation of the Guarantor under the Deed of Guarantee constitute direct, general and unconditional obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured, unconditional and unsubordinated obligations of the Guarantor, save as provided under Condition 1(c) of the "Terms and Conditions of the Securities" and except for such obligations as may be preferred by applicable provisions of law.

In accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) (the "NDRC Circular") issued by the National Development and Reform Commission of the PRC (the "NDRC") on 14 September 2015 which came into effect on the same day, the Guarantor has registered the issuance of the Securities with the NDRC and obtained the registration certificate from the NDRC on 1 September 2017. The Guarantor has undertaken to file or cause to be filed the requisite information and documents on the issuance of the Securities with the NDRC within the timeframe prescribed by the NDRC after the Original Issue Date in accordance with the NDRC Circular.

Upon the occurrence of a Change of Control Triggering Event, a Breach of Covenants Event or an Indebtedness Default Event (as defined in the Terms and Conditions of the Securities) (each, a "Relevant Event", as defined in the Terms and Conditions of the Securities), unless (i) an irrevocable notice to redeem the Securities has been given to Holders of the Securities by the Issuer by the 45th day following the occurrence of a Relevant Event; or (ii) in the case of a Breach of Covenants Event or an Indebtedness Default Event, the Covenant Breach or the Indebtedness Default Event (as the case may be) is remedied by the 45th day following the occurrence of such Breach of Covenants Event or such Indebtedness Default Event (as the case may be), or in the case of a Change of Control Triggering Event, the relevant Change of Control no longer exists by the 45th day following the Change of Control Triggering Event, the Distribution Rate will increase by 4.00 per cent. per annum with effect from (i) the next Distribution Payment Date or (ii) if the date on which a Relevant Event occurs is prior to the most recent preceding Distribution Payment Date, such Distribution Payment Date provided that the maximum aggregate increase in the Distribution Rate shall be 4.00 per cent. per annum, as further described in "Terms and Conditions of the Securities – Distribution – Increase in Distribution Rate following occurrence of certain events".

The Securities are perpetual securities and have no fixed redemption date. The Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents (as defined in the Terms and Conditions of the Securities) and the Holders of the Securities at their principal amount together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount) on the First Call Date (as defined in the Terms and Conditions of the Securities) or on any Distribution Payment Date after the First Call Date.

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Holders of the Securities and the Trustee, the Agents and the Holders of the Securities at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) (i) in the event of certain changes affecting taxes of any Relevant Jurisdiction (as defined in the Terms and Conditions of the Securities), (ii) if a Breach of Covenants Event occurs; (iii) if an Indebtedness Default Event occurs; or (iv) if prior to the date fixed for redemption, at least 80 per cent. in principal amount of the Securities originally issued has already been cancelled.

The Securities may also be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the Holders of the Securities at 101 per cent. of their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) if a Change of Control Triggering Event occurs.

Upon the occurrence of a SAFE Noncompliance Event, the Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 30 nor less than 15 days' irrevocable notice to the Trustee, the Agents and the holders of Securities at their principal amount (together with any Distribution accrued up to, but excluding, the redemption date (including any Arrears of Distribution and any Additional Distribution Amount)).

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' notice to the Trustee, the Agents and the Holders of the Securities, at their principal amount together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), upon the occurrence of any changes or amendments to Relevant Accounting Standards (as defined in the Terms and Conditions of the Securities) such that the Securities must not or must no longer be recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standards.

For a more detailed description of the Securities, see "Terms and Conditions of the Securities".

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the Securities on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Circular. Approval in-principle granted for the listing and quotation of the Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group or the Securities.

Investing in the Securities involves risks. See "Risk Factors" beginning on page 17 for a description of certain factors to be considered in connection with an investment in the Securities.

The Securities and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and, subject to certain exceptions, may not be offered or sold within the United States and are only being offered and sold outside the United States in offshore transactions in compliance with Regulation S under the Securities Act ("Regulation S"). For a description of these and certain restrictions on offers and sales of the Securities and the Guarantee and the distribution of this offering circular (the "Offering Circular"), see "Subscription and Sale."

The Securities will be evidenced by beneficial interests in the global certificate (the "Global Certificate") in registered form which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with, a common depository for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Securities will not be issued in exchange for interests in the Global Certificate.

S&P Global Ratings ("S&P") has assigned a corporate rating of "BBB" to the Guarantor with a "stable" outlook and Fitch Ratings Inc. ("Fitch") has assigned a corporate rating of "BBB+" to the Guarantor with a "stable" outlook. The Securities are expected to be rated "BBB-" and "BBB" by S&P and Fitch, respectively. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Barclays

J.P. Morgan

Offering Circular dated 7 September 2017

This Offering Circular is being furnished by the Issuer and the Guarantor in connection with the offering of the Securities exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Securities. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose or distribute any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Guarantor and other sources identified in this Offering Circular. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Securities offered by this Offering Circular is prohibited. Each offeree of the Securities, by accepting delivery of this Offering Circular, agrees to the foregoing.

The Issuer and the Guarantor accept responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer and the Guarantor, the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. Each of the Issuer and the Guarantor, having made all reasonable enquiries, accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms that to the best of its knowledge and belief (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and the Guarantor's subsidiaries taken as a whole (together, the "**Group**"), the Securities and the Guarantee which is material in the context of the issue and offering of the Securities (including all information which, according to the particular nature of the Issuer, the Guarantor, the Group, the Securities and the Guarantee, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the Guarantor, the Group and of the rights attaching to the Securities and the Guarantee), (ii) the statements contained in this Offering Circular relating to the Issuer, the Guarantor, the Group, the Securities and the Guarantee are in all material respects true and accurate and not misleading, (iii) the opinions and intentions relating to the Issuer, the Guarantor and the Group expressed in this Offering Circular are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iv) there are no other facts relating to the Issuer, the Guarantor, the Group, the Securities and the Guarantee the omission of which would, in the context of the issue and offering of the Securities and the giving of the Guarantee, make any statement in this Offering Circular, in light of the circumstances under which they were made, misleading, and (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Securities described in this Offering Circular. The distribution of this Offering Circular and the offering of the Securities in the United Kingdom, the European Economic Area, Japan, Singapore and other relevant jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, the Joint Global Coordinators, the Joint Lead Managers (named in "Subscription and Sale"), the Trustee and the Agents (as defined in the "Terms and Conditions of the Securities") to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Securities or the possession or distribution of this Offering Circular or any offering or publicity material relating to the Securities in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Securities, the Guarantor giving the Guarantee and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and re-sales of the Securities and the distribution of this Offering Circular, see "Subscription and Sale." This Offering Circular does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Securities in any jurisdiction in which such offer or solicitation would be unlawful. By purchasing the Securities, investors represent and agree to all of those provisions contained in the "Subscription and Sale."

No person has been or is authorised in connection with the issue, offer or sale of the Securities to give any information or to make any representation concerning the Issuer, the Guarantor, the Group, the Securities or the Guarantee other than as contained herein and, if given or made, any such other

information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Group, the Joint Global Coordinators, the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers or affiliates. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Securities shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor or the Group, or any of them since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof.

No representation or warranty, express or implied, is made or given by the Joint Global Coordinators or the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers or affiliates as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Securities, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Global Coordinators or the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers or affiliates. The Joint Global Coordinators, the Joint Lead Managers, the Trustee, the Agents and their respective directors, officers and affiliates have not independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete.

In connection with this offering of the Securities, each Joint Lead Manager and/or its affiliate(s) may act as an investor for its own account and may take up Securities in the offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering of the Securities. Accordingly, references herein to the Securities being offered should be read as including any offering of the Securities to the Joint Global Coordinators and/or the Joint Lead Managers and/or their affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

To the fullest extent permitted by law, none of the Joint Global Coordinators or the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers or affiliates accepts any responsibility for the contents of this Offering Circular or any statement made or purported to be made by any such person or on its behalf in connection with the Issuer, the Guarantor, the Group or the issue and offering of the Securities. Each of the Joint Global Coordinators, the Joint Lead Managers, the Trustee, the Agents and their respective directors, officers and affiliates accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Global Coordinators or the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers or affiliates undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the Group for so long as the Securities remain outstanding or the Guarantee is effective nor to advise any investor or potential investor of the Securities of any information coming to the attention of any of the Joint Global Coordinators, the Joint Lead Managers, the Trustee, the Agents or their respective directors, officers or affiliates.

The Securities and the Guarantee have not been and will not be registered with the Securities and Exchange Commission under the Securities Act or with any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offense in the United States.

In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor and the Group and the terms of the offering of the Securities, including the merits and risks involved. See "Risk Factors." Investors are advised to read and understand the contents of this Offering Circular before investing and consult their attorney and adviser if in doubt. The Issuer, the Guarantor, the Group, the Joint Global Coordinators, the Joint Lead Managers, the Trustee, the Agents and their

respective directors, officers and affiliates are not making any representation to any purchaser of Securities regarding the legality of any investment in the Securities by such purchaser under any legal investment or similar laws or regulations. The contents of this Offering Circular should not be construed as providing legal, business, accounting or investment advice. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Global Coordinators, the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers or affiliates in connection with its investigation of the accuracy of such information or its investment decision.

INDUSTRY AND MARKET DATA

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although the Issuer and the Guarantor believe this information to be reliable, it has not been independently verified by the Issuer, the Guarantor, the Joint Global Coordinators, the Joint Lead Managers, the Trustee, the Agents or their respective directors, officers or affiliates, and none of the Issuer, the Guarantor, the Joint Global Coordinators, the Joint Lead Managers, the Trustee or the Agents or their respective directors, officers or affiliates makes any representation as to the accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. This Offering Circular summarises certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents.

PRESENTATION OF FINANCIAL INFORMATION

The summary consolidated financial information of the Guarantor as at and for the years ended 31 December 2014, 2015 and 2016 and as at and for the six months ended 30 June 2016 and 2017 included in this Offering Circular is reproduced from the Guarantor's published consolidated financial statements for the year/period including the restated comparative figures in the succeeding published consolidated financial statements. The published consolidated financial statements of the Guarantor as at and for the years ended 31 December 2015 and 2016 were prepared and presented in accordance with the accounting principles generally accepted in, and pursuant to the relevant laws of, the PRC (the "**PRC GAAP**") and have been audited by Ernst & Young Hua Ming LLP ("**E&Y**") in accordance with the Chinese Auditing Standards issued by the Chinese Institute of Certified Public Accountants. The PRC GAAP differs in certain material respects from International Financial Reporting Standards ("**IFRS**"). For a discussion of certain differences between the PRC GAAP and IFRS, see "Summary of Certain Material Differences between the PRC GAAP and IFRS."

The audited consolidated financial statements of the Guarantor have not been prepared in accordance with the international accounting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No. 1606/2002. There may be material differences in the financial information had Regulation (EC) No. 1606/2002 been applied to the historical financial information of the Guarantor.

This Offering Circular incorporates by reference the published Chinese unaudited interim consolidated financial information of the Guarantor as at and for the six months ended 30 June 2016 and 2017. Such interim financial information has been extracted from the Guarantor's Chinese unaudited condensed consolidated interim financial statements for the six months ended 30 June 2016 and the six months ended 30 June 2017, which were prepared in accordance with the "Accounting Standards for Business Enterprises No. 32" of the PRC GAAP and have been reviewed by E&Y in accordance with the Review Standard for Chinese Certified Public Accountants No. 2101 Review of Financial Statements. The English translations of (i) the Auditors' Review Report of E&Y dated 30 August 2017, (ii) the Consolidated Balance Sheet, (iii) the Consolidated Income Statement and (iv) the Consolidated Cash Flow Statement (collectively, the "**Financial Information Translations**") have been prepared and included in this Offering Circular for reference. The Financial Information Translations do not constitute reviewed financial statements, and are qualified in their entirety by, and are subject to the published interim consolidated financial information. None of the Joint Lead Managers, the Trustee, the Agents nor

their respective affiliates, directors, officers and advisors has independently verified or checked the accuracy of the Financial Information Translations and can give no assurance that the information contained in the Financial Information Translations is accurate, truthful or complete. Consequently, such Financial Information Translations should not be relied upon by potential purchasers to provide the same quality of information associated with information that has been subject to an audit or review. Potential purchasers must exercise caution when using such financial information to evaluate the financial condition, results of operations and prospects of the Group.

CERTAIN DEFINITIONS AND CONVENTIONS

Unless the context otherwise requires, references in this Offering Circular to “**Renminbi**” and “**RMB**” are to the lawful currency of the PRC, “**U.S. dollars**” and “**US\$**” are to the lawful currency of the United States of America, “**Hong Kong dollars**” and “**HK\$**” are to the lawful currency of Hong Kong, “**Euro**” and “**€**” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended, the “**PRC**” means the People’s Republic of China which for the purpose of this Offering Circular excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan, “**Hong Kong**” means the Hong Kong Special Administrative Region of the PRC, and “**Macau**” means the Macau Special Administrative Region of the PRC.

In this Offering Circular, where information has been presented in thousands, millions, or billions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

Unless the context otherwise requires, references to “**2014**,” “**2015**” and “**2016**” in this Offering Circular are to the Guarantor’s financial years ended 31 December 2014, 2015 and 2016, respectively.

Solely for convenience, this Offering Circular contains translations of certain Renminbi amounts into U.S. dollar amounts. Unless indicated otherwise, the translation of Renminbi amounts into U.S. dollar amounts has been made at the rate of RMB6.7793 to US\$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 30 June 2017. These translations should not be construed as representations that the Renminbi amounts could actually be converted into any U.S. dollar amounts at the rates indicated or at all. See “Exchange Rate Information.”

The market capitalization of the Group is calculated based on the closing price of the shares of the Guarantor on 31 August 2017, converted based on the middle rate of Hong Kong dollar and Renminbi published by the People’s Bank of China (the “**PBOC**”) on the same date.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes “forward-looking statements.” All statements other than statements of historical fact contained in this Offering Circular, including, without limitation, those regarding the Guarantor’s and the Group’s future financial position and results of operations, strategies, plans, objectives, goals and targets, future developments in the markets where the Guarantor or the Group participates or is seeking to participate, and any statements preceded by, followed by or that include the words “believe,” “expect,” “aim,” “intend,” “will,” “may,” “anticipate,” “seek,” “should,” “estimate” or similar expressions or the negative thereof, are forward- looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Guarantor’s or the Group’s control, which may cause its actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Guarantor’s and the Group’s present and future business strategies and the environment in which the Guarantor or the Group will operate in the future. Important factors that

could cause the Guarantor's or the Group's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- business prospects and business opportunities that the Group may pursue;
- the Guarantor's ability to successfully implement its business plans and strategies;
- future developments, trends and conditions of the automotive and equipment manufacturing industry in the PRC;
- the Group's financial condition and performance and capital expenditure plans;
- changes in competitive conditions and the Group's ability to compete under these conditions;
- the Guarantor's dividend policy;
- performance of the obligations and commitments of the Group's joint venture partners under existing and future joint venture agreements;
- changes in political, economic, legal and social conditions in China, including the PRC government's specific policies which affect the Group's operations;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operates;
- macroeconomic measures taken by the PRC government to manage economic growth; and
- changes in the global economic conditions and material volatility in the global financial markets.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "Risk Factors" and elsewhere in this Offering Circular. The Issuer and the Guarantor caution investors not to place undue reliance on these forward-looking statements which reflect their managements' view only as at the date of this Offering Circular. Neither the Issuer nor the Guarantor undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur.

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SUMMARY

The summary below is only intended to provide a very limited overview of information described in more detail elsewhere in this Offering Circular. This summary does not contain all the information that may be important to prospective investors in deciding to invest in the Securities. Terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should read the entire Offering Circular, including the section entitled “Risk Factors” and the financial statements and related notes thereto, before making an investment decision.

OVERVIEW

The Group is one of the leading manufacturers of automotive and equipment products in China. According to the data compiled by the China Association of Automobile Manufacturers (the “CAAM”) and the China Construction Machinery Association (the “CCMA”), the Group is the largest supplier of diesel engines used for heavy-duty trucks with a load capacity of 15 tonnes (and above) and wheel loaders with a load capacity of five tonnes in terms of sales volume both in 2016 and in the first half of 2017. In 2017, the Group was ranked No. 76 among Top 500 Enterprises of China by Fortune Magazine, and was awarded the “China Trademark Awards — Trademark Innovation Award” (中國商標金獎 — 商標創新獎) jointly by the State Administration for Industry and Commerce of the PRC and the World Intellectual Property Organisation. As a component of a number of major indices of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, the Guarantor had a total market capitalization of approximately RMB56.8 billion as at 31 August 2017.

The Group is considered as one of the most important state-owned enterprises in Shandong Province and is the backbone of Shandong’s industrial development. It has a long standing relationship with the Shandong Provincial Government and maintains close interactions with its direct controlling shareholder, Weichai Group Holdings Limited (濰柴控股集團有限公司) (“**Weichai Holdings**”). The Group’s business operation can be traced back to 1946 when Weifang Diesel was established as one of the first diesel engine manufacturers in China. The Group experienced rapid growth in the past decades. Now the Group has a diversified product portfolio covering powertrain, provision of warehouses technology and supply chain solution services, heavy-duty trucks, construction machinery, hydraulic devices, forklift trucks and related components. The Group currently manages its business in the following five segments:

- *Diesel engine manufacturing.* The Group has over half-century of experience in the research, development and manufacturing of diesel engines with a wide range of applications, including engines used for trucks, passenger vehicles, vessels, construction and agriculture machinery and power generators. As at 30 June 2017, the Group manufactured and sold more than 20 series of diesel engines, in various displacement ranging from 2L to 40L (inclusive) and power ranging from 20kw to 1,100kw (inclusive). The Group sells its engines primarily to leading automobile and heavy machinery manufacturers and OEM customers in China and to more than 110 overseas countries. According to the data compiled by CAAM and the CCMA, the Group was the largest supplier of diesel engines used for heavy-duty trucks with a load capacity of 15 tonnes (and above) and wheel loaders with a load capacity of five tonnes in terms of sales volume both in 2016 and in the first half of 2017. During the six months ended 30 June 2017, the Group’s sales volume of engines was approximately 302,000 units, representing an increase of 68.1 per cent. compared to its sales volume (including the engines sold by Weichai Medium) during the same period in 2016.

- *Forklift trucks production and warehouses technology and supply chain solution services.* The Group conducts forklift trucks production and provides warehouse technology and supply chain solution services through KION and its subsidiaries. KION is the largest manufacturer of industrial trucks in Europe and the world's second largest manufacturer of forklift trucks, according to McKinsey & Company, and a leading provider of warehouse technology and supply chain solution services in 2016. Dematic, KION's recently acquired global brand, is ranked No.3 in terms of total revenue of automated material handling system suppliers in the world in 2016, according to Modern Materials Handling magazine, a monthly business-to-business magazine founded in 1946. In 2016, the Group's sales volume of forklift trucks was approximately 178,000 units, representing an increase of 7.5 per cent. compared to the sales volume in 2015.
- *Automobiles and major automobile components (excluding engines).* The Group manufactures and sells a diverse portfolio of heavy-duty trucks to more than 90 countries around the world, including tractors, dump trucks, cement mixers and transport trucks, and certain major automobile components, such as gearboxes, gears and axles. The Group operates this business segment mainly through Shaanxi Zhongqi, one of the Top 500 Enterprises of China. According to the CAAM, the Group is the fourth largest heavy-duty truck manufacturer in China in terms of sales volume both in 2016 and in the first half of 2017. The Group manufactures and sells heavy-duty gearboxes mainly through Fast Gear, a subsidiary of the Guarantor. According to the CAAM, the Group is the largest manufacturer of gearboxes used for heavy-duty trucks in China in terms of sales volume both in 2016 and in the first half of 2017. During the six months ended 30 June 2017, the Group's sales volume of heavy-duty trucks and heavy-duty gearboxes was approximately 73,000 units and 427,000 units, respectively, representing an increase of 94.7 per cent. and 73.8 per cent., respectively, compared to the sales volume during the same period in 2016.
- *Other automobile parts and components.* The Group engages in the production and sales of other automobile parts and components, primarily including spark plugs, hydraulic parts and chassis. It is among the largest manufacturers of spark plugs in China in terms of sales volume both in 2016 and in the first half of 2017. The Group manufactures and sells hydraulic controlling parts primarily through Linde Hydraulics and its subsidiaries and affiliates in Europe and China. Linde Hydraulics, whose operation can be traced back to 1904, is based in Aschaffenburg, Germany, and is a global developer and supplier of modular drive systems consisting of hydraulics, electrical engineering and electronics.
- *Import and export services.* The Group sells selected diesel engines, provides after-sale services, and provides technology supports overseas as part of its efforts to implement its global expansion strategy. In addition to KION's established global presence, the Group currently has three overseas manufacturing bases in France, India and Thailand, and the Group exports selected products to countries of Asia Pacific, Africa and South Asia and technology to Myanmar and Ethiopia.

For the six months ended 30 June 2017, revenue from each of the above five segments, after eliminating inter-segment sales, was RMB14,043.5 million, RMB28,440.0 million, RMB1,187.9 million, RMB68.2 million and RMB28,573.7 million, respectively, representing 19.4 per cent., 39.3 per cent., 1.7 per cent., 0.1 per cent. and 39.5 per cent., respectively, of the Group's total revenue.

The Group has established global production capabilities, covering a wide range of products and services in the automotive and equipment manufacturing business. As at 31 December 2016, the Group had a total designed production capacity for diesel engines of approximately 700,000 units per year and a total designed production capacity for heavy-duty trucks of approximately 165,000 units per year. The Group has manufacturing bases and R&D centres operated by KION in Wiesbaden and Aschaffenburg, Germany, which focus on forklift trucks. As at 31 December 2016, KION operated 15 production facilities for forklift trucks and components in eight countries. In addition to KION's established global presence, the Group currently has eight manufacturing bases globally, including:

- a Weifang-centred manufacturing base focusing on all-series engine products;
- a Xi'an-centred manufacturing base focusing on heavy-duty trucks and transmission systems;
- a Chongqing-centred manufacturing base focusing on large-horsepower engines and automobiles;
- a Zhuzhou-centred manufacturing base focusing on automotive electronics and parts;
- a Yangzhou-centred manufacturing base focusing on light-duty vehicle engines;
- two manufacturing bases focusing on diesel engines in India and France; and
- a manufacturing base focusing on transmission products in Thailand.

The Group has leading design and research capabilities relating to the development of powertrain systems. The Group has a State-level laboratory which is the only corporate laboratory in the internal combustion engine industry that has been listed on the Key State-level Corporate Laboratories published by the Ministry of Science and Technology of the PRC, a modern National Corporate Technological Centre, and a top-class product testing centre in China. In June 2017, the Product Testing Centre of Weichai Institute of Technology was certified by the United States Environmental Protection Agency ("EPA"), making it the only testing centre being certified by EPA in China, according to the official website of the Shandong SASAC. The Group has established a post-doctoral program and set up research and development centres in the US, Europe, and cities of Weifang, Shanghai, Chongqing, Yangzhou and Xi'an in China. By leveraging its leading R&D platform and extensive R&D resources, the Group has undertaken 22 national projects that have been acknowledged as the "863 Projects" (which represents China's highest level of technology research and development projects), seven provincial R&D projects and participated in setting up more than 65 industry and national standards. The Group successfully developed engine models that met the requirements of the China No. III, IV and V National Emission Standards and Euro No. VI Emission Standards before the relevant standards were released. As at 30 June 2017, the Group globally had approximately 2,500 registered patents and more than 1,300 registered trademarks relating to its engine, heavy-duty truck and gearbox products.

For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the Group's revenue was RMB79,637.2 million, RMB74,167.7 million, RMB93,183.5 million, RMB42,561.4 million and RMB72,313.3 million, respectively. During the same periods, the Group had net profit of RMB5,718.2 million, RMB2,198.1 million, RMB3,596.3 million, RMB1,621.2 million and RMB3,476.1 million, respectively. As at 30 June 2017, the Group's total assets were RMB181,052.3 million.

COMPETITIVE STRENGTHS

The Guarantor believes that its business success is largely attributable to the following key competitive strengths:

- A leading automotive and equipment manufacturer with strong brand recognition
- A leading industry innovator with strong R&D capabilities and cutting-edge technologies
- A proven track record of strategic acquisition, business integration and organic expansion to support successful business transformation
- Globally diversified production and sales footprint
- Strong support of the PRC Government at different levels
- Fiscal prudence and diverse financing channels to ensure sufficient liquidity
- Sound and effective corporate governance implemented by dedicated and experienced senior management

BUSINESS STRATEGIES

With complete automotive and machineries as flagship products and powertrain systems as core technologies, the Group strives to develop into a world-leading international manufacture group and to become one of the world's top 500 enterprises in the future. The Group intends to adopt the following strategies to achieve this goal:

- Leverage the synergetic advantage of the resource sharing between the domestic and overseas Group members to develop the Group into a powertrain system solution provider offering engines of full-series and full-displacements
- Further strengthen the Group's product structure adjustments and product upgrades to enhance the leading market position and strong brand awareness of its complete automotive and machineries
- Developing the Group into an integrated total solution services provider by leveraging on the synergetic effect among "Weichai Power", "KION" and "Dematic" brands
- Increase the Group's global brand recognition by further implementation of globalization strategies

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The summary consolidated financial information of the Guarantor as at and for the years ended 31 December 2014, 2015 and 2016 and as at and for the six months ended 30 June 2016 and 2017 as set out below is reproduced from the Guarantor's published consolidated financial statements for the year/period including the restated comparative figures in the succeeding published consolidated financial statements. The published consolidated financial statements of the Guarantor as at and for the years ended 31 December 2015 and 2016 were prepared in accordance with the PRC GAAP and included into the Offering Circular starting from page F-8. The published condensed consolidated interim financial statements of the Guarantor as at and for the six months ended 30 June 2017 are prepared in accordance with the "Accounting Standards for Business Enterprises No. 32" of the PRC GAAP and included into the Offering Circular starting from page F-2.

The Guarantor's consolidated financial statements as at and for the year ended 31 December 2015 and 2016 have been audited by E&Y in accordance with Chinese Auditing Standards issued by the Chinese Institute of Certified Public Accountants. The Guarantor's consolidated financial statements as at and for the six months ended 30 June 2016 and 2017 have been reviewed but not audited by E&Y in accordance with the Review Standard for Chinese Certified Public Accountants No. 2101 Review of Financial Statements. The PRC GAAP differs in certain material respects from IFRS. See "Summary of Certain Material Differences between the PRC GAAP and IFRS."

The summary consolidated financial information as set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant consolidated financial statements of the Guarantor and the notes thereto included elsewhere in this Offering Circular. Historical results are not necessarily indicative of results that may be achieved in any future period.

Summary Consolidated Income Statement Data

	Year ended 31 December			Six months ended 30 June	
	2014 ⁽¹⁾	2015 ⁽²⁾	2016	2016	2017
	(audited) (restated)	(audited) (restated)	(audited)	(unaudited) (restated)	(unaudited)
	(RMB in millions)				
Revenue	79,637.2	74,167.7	93,183.5	42,561.4	72,313.3
Cost of sales	(62,618.9)	(57,063.8)	(72,100.0)	(32,828.3)	(56,987.4)
Taxes and surcharges	(266.1)	(188.3)	(450.9)	(144.6)	(373.2)
Distribution and selling expenses	(5,092.6)	(6,275.0)	(7,644.6)	(3,493.5)	(5,027.4)
General and administrative expenses	(6,426.9)	(7,231.3)	(7,651.7)	(3,770.5)	(4,593.1)
Finance expenses	(23.1)	(482.1)	(198.8)	(88.2)	(368.7)
Impairment loss of assets	(275.4)	(396.2)	(984.4)	(348.3)	(953.1)
Gain/(loss) on change in fair value	(156.3)	(23.4)	(155.3)	(86.2)	142.5
Investment incomes	1,714.8	115.0	120.5	83.0	135.2
Other incomes	—	—	—	—	39.9
Operating profit	6,492.8	2,622.6	4,118.3	1,884.7	4,327.9
Non-operating revenue	510.0	693.8	671.1	260.0	128.0
Non-operating expenditures	(134.3)	(190.5)	(151.8)	(41.9)	(72.6)
Profit before tax	6,868.4	3,125.9	4,637.6	2,102.8	4,383.3
Income tax	(1,150.2)	(927.8)	(1,041.4)	(481.7)	(907.2)
Net profit	5,718.2	2,198.1	3,596.3	1,621.2	3,476.1
Incl: Attributable to the equity holders of the parent company	5,002.4	1,412.3	2,441.2	1,071.2	2,650.0
Minority interests	715.8	785.8	1,155.1	550.0	826.0
Total of comprehensive income	4,304.7	2,068.8	4,107.8	497.1	2,177.7
Incl: Attributable to the equity holders of the parent company	4,631.9	1,298.3	2,648.6	613.6	1,896.0
Attributable to minority shareholders	(327.2)	770.5	1,459.2	(116.5)	281.7

- (1) As the Guarantor obtained effective control in KION on 12 June 2014, KION's financial results have been consolidated into the Guarantor pursuant to the "Accounting Standard for Business Enterprises No. 33 – Consolidated Financial Statements" since 1 July 2014. As such, the Guarantor's consolidated financial information in 2014 or any period prior to 1 July 2014 in 2014 is not directly comparable with its consolidated financial information in 2015 or 2016 or the corresponding period in 2015 or 2016.
- (2) On 26 September 2016, the Guarantor acquired from Weichai Group Holdings Limited the entire equity interest in Weichai (Weifang) Medium-duty Diesel Engine Co., Ltd. The transaction was considered a business combination involving entities under common control, and has been accounted for as if the entity had been consolidated as at the beginning of the period pursuant to the "Accounting Standard for Business Enterprises No.20 – Business Combination". Accordingly, the comparative amounts as at and for the year ended 31 December 2015 are restated in the consolidated financial statements as at and for the year ended 31 December 2016 and the comparative amounts as at and for the six months ended 30 June 2016 are restated in the consolidated interim financial statements as at and for the six months ended 30 June 2017, as if the entity had been combined at the beginning of the relevant reporting periods. See note VI.2 and note XIV.3 to the Guarantor's audited consolidated financial statement as at and for the year ended 31 December 2016.

Summary Consolidated Balance Sheet Data

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	(audited) (restated)	(audited) (restated)	(audited)	(unaudited)
	(RMB in millions)			
Assets				
Current assets				
Cash and cash equivalents	24,434.4	24,856.5	27,123.0	29,883.0
Financial assets at fair value through profit or loss	67.0	37.9	129.3	285.6
Notes receivable	13,780.9	9,276.2	16,742.9	23,437.1
Accounts receivable	9,660.0	9,001.7	11,336.2	13,729.7
Prepayments	488.0	401.7	595.8	596.4
Interests receivable	134.2	53.9	26.3	42.0
Dividends receivable	3.0	6.5	9.7	13.9
Other receivables	871.6	811.0	821.0	1,290.5
Inventories	12,614.7	11,922.6	16,090.7	19,139.7
Classified as available-for-sale assets	35.8	–	–	–
Non-current assets due within one year	1,509.9	1,289.4	1,463.4	1,615.2
Other current assets	772.2	970.2	2,067.7	2,253.0
Total current assets	64,371.8	58,627.6	76,406.0	92,286.1
Non-current assets				
Available-for-sale financial assets	431.6	650.3	498.4	553.8
Long-term receivables	2,574.1	3,348.9	4,029.7	4,383.2
Long-term equity investments	1,477.7	1,447.2	1,545.0	2,095.3
Investment property	522.2	588.9	608.1	597.3
Fixed assets	23,509.4	23,737.0	25,801.6	26,753.1
Construction in progress	3,421.2	2,589.7	1,642.5	1,191.9
Materials used in construction	0.0	0.0	–	0.2
Disposal of fixed assets	2.0	1.8	1.0	0.9
Intangible assets	13,842.5	12,867.0	25,363.0	24,857.3
Development expenditure	533.7	466.1	445.8	163.6
Goodwill	7,774.1	7,786.3	23,037.7	23,141.5
Long-term prepaid expenses	168.8	314.4	332.7	337.1
Deferred tax assets	3,454.0	3,166.8	4,019.6	4,422.7
Other non-current assets	172.6	248.6	259.7	268.3
Total non-current assets	57,883.8	57,212.8	87,584.7	88,766.1
Total assets	122,255.6	115,840.4	163,990.7	181,052.3

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	(audited) (restated)	(audited) (restated)	(audited)	(unaudited)
	(RMB in millions)			
Liabilities and Equity				
Current liabilities				
Short-term loans	2,765.9	2,961.1	4,771.6	6,014.4
Financial liabilities at fair value through profit or loss	76.8	92.0	168.7	307.3
Notes payable	10,867.7	5,520.2	8,758.9	8,485.4
Accounts payable	15,922.1	14,702.6	21,897.8	29,324.3
Advances from customers	1,479.2	1,629.9	4,627.2	5,567.1
Payroll payable	3,115.0	3,147.3	4,168.8	4,416.4
Taxes payable	1,250.0	1,244.9	2,065.8	2,541.4
Interests payable	196.3	208.7	102.1	104.7
Dividends payable	34.8	5.1	3.8	1,002.0
Other payables	4,235.8	3,849.9	4,999.0	7,450.2
Non-current liabilities due within one year	5,634.1	5,246.3	4,624.9	5,100.9
Other current liabilities	2,482.4	2,018.3	2,791.9	3,743.2
Total current liabilities	48,060.0	40,626.4	58,980.4	74,057.2
Non-current liabilities				
Long-term borrowings	7,271.9	7,283.7	30,216.1	20,377.5
Bonds payable	5,834.6	5,985.5	2,756.2	10,497.0
Long-term payables	5,185.6	6,604.1	7,781.2	8,423.7
Long-term payroll payable	7,074.0	6,928.2	8,574.8	8,676.6
Special payables	43.0	43.0	43.0	43.0
Provision	444.2	286.2	311.0	331.5
Deferred income	1,983.8	2,279.4	2,574.2	2,789.8
Deferred tax liabilities	4,385.0	3,825.6	8,120.4	7,745.1
Other non-current liabilities	31.6	41.3	71.6	139.8
Total non-current liabilities	32,253.7	33,277.1	60,448.6	59,024.1
Total liabilities	80,313.7	73,903.5	119,429.0	133,081.3
Shareholders' equity				
Share Capital	1,999.3	3,998.6	3,998.6	3,998.6
Capital reserve	1,288.3	226.9	30.1	64.2
Other comprehensive income	(388.5)	(502.5)	(295.1)	(1,049.1)
Special reserve	51.0	78.8	98.7	112.5
Surplus reserve	3,051.7	1,208.0	–	–
Retained earnings	26,397.5	26,930.1	27,905.9	29,556.3
Total equity attributable to the shareholders of the parent	32,399.4	31,940.0	31,738.3	32,682.5
Minority interests	9,542.5	9,997.0	12,823.4	15,288.5
Total shareholders' equity	41,941.9	41,937.0	44,561.7	47,971.0
Total liabilities and shareholders' equity	122,255.6	115,840.4	163,990.7	181,052.3

Summary Consolidated Cash Flow Statement Data

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	(audited) (restated)	(audited) (restated)	(audited)	(unaudited) (restated)	(unaudited)
	(RMB in millions)				
Net cash flows from operating activities	11,171.7	6,838.5	8,250.4	2,065.2	4,765.8
Net cash flows used in investing activities	(2,129.8)	(4,115.6)	(19,630.5)	(2,620.8)	(1,532.2)
Net cash flows (used in)/from financing activities	(5,066.9)	(2,175.6)	11,741.6	1,638.4	(1,388.8)
Effect of changes in exchange rate on cash	(77.4)	36.3	82.6	62.3	(64.6)
Net increase in cash and cash equivalents	3,897.7	583.7	444.2	1,145.0	1,780.2
Cash and cash equivalents at end of year	20,494.6	21,154.7	21,598.8	22,299.7	23,379.0

Other Financial Data

The following table sets forth certain other financial data of the Group as at the dates and for the periods indicated:

	Year ended and at 31 December			Six months ended and at 30 June	
	2014 ⁽⁶⁾	2015 ⁽⁶⁾	2016	2016 ⁽⁶⁾	2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
EBITDA ⁽¹⁾ (RMB in millions)	9,154.7	8,783.3	11,363.2	5,181.7	8,996.4
EBITDA margin ⁽²⁾	11.5	11.8	12.2	12.2	12.4
Total debt ⁽³⁾ (RMB in millions)	18,617.9	18,884.4	39,291.6	21,979.2	38,511.6
Total debt/EBITDA ⁽⁴⁾	2.0x	2.2x	3.5x	2.1x	2.1x
Total debt/Total assets	15.2	16.3	24.0	17.4	21.3
Total debt/Total capitalisation ⁽⁵⁾	30.7	31.0	46.9	34.5	44.5

(1) EBITDA for any period is calculated as operating profit adjusted for foreign exchange gains (losses), investment income and gains (losses) from changes in fair value, plus assets impairment losses, interest expenses and depreciation, depletion and amortization. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, the Guarantor believes that investors should consider, among other things, the components of EBITDA such as sales and operating expenses under the amount by which EBITDA exceeds capital expenditures and other charges. The Guarantor has included EBITDA because it believes that it is a useful supplement to the cash flow data as a measure of the Group's performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's EBITDA to EBITDA presented by other companies because not all companies use the same definitions.

(2) EBITDA margin is calculated as EBITDA divided by total revenue.

(3) Total debt consists of all short-term borrowings, long-term borrowings, long-term borrowings due within one year, medium-term notes due within one year and bonds payable.

(4) Based on annualised EBITDA for the six months ended 30 June 2016 and 2017.

(5) Total capitalisation equals total debt and total shareholders' equity.

(6) Based on restated financial information.

THE OFFERING

The following contains summary information about the Securities. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in “Terms and Conditions of the Securities” and “Summary of Provisions relating to the Securities in Global Form” have the same meanings in this summary. For a comprehensive description of the terms of the Securities, see “Terms and Conditions of the Securities” in this Offering Circular.

Issuer	Weichai International Hong Kong Energy Group Co., Limited (濰柴國際(香港)能源集團有限公司).
Guarantor	Weichai Power Co., Ltd. (濰柴動力股份有限公司).
Guarantee	The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Securities and the Trust Deed. The Guarantor undertakes that it will register or cause to be registered the Deed of Guarantee with SAFE in accordance with the Cross-border Security Registration (跨境擔保外匯管理規定) as soon as possible and in any event before the date 15 Registration Business Days after the execution of the Guarantee.
Issue	US\$775,000,000 in aggregate principal amount of 3.75 per cent. Guaranteed Perpetual Capital Securities.
Issue Price	100.00 per cent.
Form and Denomination	The Securities will be issued in registered form in the specified denomination of US\$200,000 each and integral multiples of US\$1,000 in excess thereof.
Original Issue Date	14 September 2017.
Maturity Date	There is no maturity date.
NDRC Registration	Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by the NDRC on 14 September 2015 which came into effect on the same day, the Guarantor has registered the issuance of the Securities with the NDRC and obtained a certificate from the NDRC on 1 September 2017 evidencing such registration and intends to cause the requisite information on the issuance of the Securities to be provided to the NDRC within the timeframe prescribed by the NDRC after the Issue Date.

Status of the Securities	The Securities will constitute direct, unsecured, unconditional and unsubordinated obligations of the Issuer, except for such obligations as may be preferred by applicable provisions of law, and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the Securities shall, save for such exceptions as may be provided by mandatory provisions of applicable law and regulations, at all times rank at least <i>pari passu</i> with all its other present and future, unsecured and unsubordinated obligations.
Status of the Guarantee	This Guarantee will constitute direct, general and unconditional obligations of the Guarantor which will at all times rank at least <i>pari passu</i> with all other present and future unsecured, unconditional and unsubordinated obligations of the Guarantor, save as provided under Condition 3(a) of the Terms and Conditions of the Securities and except for such obligations as may be preferred by applicable provisions of law.
Negative Pledge	The Securities contain a negative pledge provision, as further described in Condition 3(a) of Terms and Conditions of the Securities.
Distribution	Subject to Condition 4(d) of the Terms and Conditions of the Securities, the Securities confer a right to receive distributions (each a “ Distribution ”) from 14 September 2017 (the “ Original Issue Date ”) at the applicable Distribution Rate in accordance with Condition 4 of the Terms and Conditions of the Securities. Subject to Condition 4(d) of the Terms and Conditions of the Securities, Distributions shall be payable on the Securities semi-annually in arrear on 14 March and 14 September of each year (each, a “ Distribution Payment Date ”), commencing on 14 March 2018.
Distribution Rate	Subject to any increase pursuant to Condition 4(e) of the Terms and Conditions of the Securities, the rate of distribution (“ Distribution Rate ”) applicable to the Securities shall be: <ul style="list-style-type: none"> (i) in respect of the period from, and including, the Issue Date to, but excluding, 14 September 2022 (the “First Call Date”), 3.75 per cent. per annum (the “Initial Distribution Rate”); and (ii) in respect of the period (A) from, and including the First Call Date, to, but excluding, the Reset Date falling immediately after the First Call Date, and (B) from, and including, each Reset Date falling after the First Call Date to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate.

<p>Increase in Distribution Rate</p>	<p>Pursuant to Condition 4(e) of the Terms and Conditions of the Securities, upon the occurrence of a Change of Control Triggering Event, a Breach of Covenants Event or an Indebtedness Default Event (each, a “Relevant Event”), unless (i) an irrevocable notice to redeem the Securities has been given to holders of Securities by the Issuer by the 45th day following the occurrence of the Relevant Event; or (ii) in the case of a Breach of Covenants Event or an Indebtedness Default Event, the Covenant Breach or the Indebtedness Default Event (as the case may be) is remedied by the 45th day following the occurrence of such Breach of Covenants Event or such Indebtedness Default Event (as the case may be) or in the case of a Change of Control Triggering Event, the relevant Change of Control no longer exists by the 45th day following the Change of Control Triggering Event, the Distribution Rate will increase by 4.00 per cent. per annum with effect from (a) the next Distribution Payment Date or (b) if the date on which the Relevant Event occurs is prior to the most recent preceding Distribution Payment Date, such Distribution Payment Date provided that the maximum aggregate increase in the Distribution Rate shall be 4.00 per cent. per annum, as further described in “Terms and Conditions of the Securities — Distribution — Increase in Distribution Rate following occurrence of certain events”.</p>
<p>Distribution Deferral</p>	<p>The Issuer may, at its sole discretion, elect to defer (in whole or in part) any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice to the holders of Securities and the Trustee and the Principal Paying Agent in writing not more than 15 business days nor less than five business days prior to a scheduled Distribution Payment Date.</p>
<p>No Obligation to Pay</p>	<p>The Issuer shall have no obligation to pay any Distribution (including any Arrears of Distribution and any Additional Distribution Amount) on any Distribution Payment Date if it validly elects not to do so in accordance with Condition 4(d)(i) of the Terms and Conditions of the Securities and the deferral of any Distribution payment in accordance with Condition 4(d) of the Terms and Conditions of the Securities shall not constitute a default for any purpose on the part of the Issuer under the Securities.</p>
<p>Cumulative Deferral</p>	<p>Any Distribution deferred pursuant to Condition 4(d) of the Terms and Conditions of the Securities shall constitute “Arrears of Distribution”. The Issuer may, at its sole discretion, elect to defer further any Arrears of Distribution by complying with the notice requirement applicable to any deferral of an accrued Distribution and is not subject to any limit as to the number of times Distributions and Arrears of Distribution can or shall be deferred.</p> <p>Each amount of Arrears of Distribution shall accrue Distributions as if it constituted the principal of the Securities at the prevailing Distribution Rate.</p>

The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added (for the purpose of calculating the Additional Distribution Amount accruing thereafter) to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

Restrictions in the case of Deferral

If, on any Distribution Payment Date, payment of all Distribution payments scheduled to be made on such date (including any Distribution accrued but unpaid on the Securities (including any Arrears of Distribution and any Additional Distribution Amount)) is not made in full, neither the Issuer nor the Guarantor shall:

- (a) declare or pay any discretionary dividends or distributions or make any other discretionary payment, and will procure that no discretionary dividend, distribution or other discretionary payment is made, on any Parity Securities or Junior Securities of the Issuer or the Guarantor (except (i) in relation to the Parity Securities of the Issuer or the Guarantor, as the case may be, on a *pro-rata* basis, or (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants), or (iii) as a result of the exchange or conversion of its Parity Securities for its Junior Securities as contractually required to be made under the terms of the Parity Securities; or
- (b) at its discretion redeem, reduce, cancel, buy-back or otherwise acquire for any consideration any Parity Securities prior to its stated maturity or Junior Securities of the Issuer or the Guarantor (except (i) in relation to the Parity Securities of the Issuer or the Guarantor, as the case may be, on a *pro-rata* basis, or (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants or (iii) as a result of the exchange or conversion of its Parity Securities for its Junior Securities),

in each case, unless and until (x) the Issuer has satisfied in full all outstanding Arrears of Distribution and the Additional Distribution Amount; or (y) the Issuer is permitted to do so by an Extraordinary Resolution of the holders of Securities.

Satisfaction of Arrears of Distribution by payment

The Issuer in any event shall satisfy any outstanding Arrears of Distribution and Additional Distribution Amount (in whole but not in part) on the earliest of:

- (a) the date of redemption of the Securities in accordance with the redemption events set out in Condition 5 of the Terms and Condition of the Securities;

- (b) the next Distribution Payment Date following the occurrence of a breach of Condition 4(d)(iv) of the Terms and Conditions of the Securities;
- (c) a Winding-Up of the Issuer or the Guarantor; and
- (d) the date of any substitution or variation in accordance with Condition 11(e) of the Terms and Condition of the Securities.

Any partial payment of outstanding Arrears of Distribution and any Additional Distribution Amount by the Issuer shall be shared by the holders of Securities of all outstanding Securities on a pro-rata basis.

Taxation

All payments of principal, premium (if any) and Distributions (including any Arrears of Distribution or any Additional Distribution Amount) by or on behalf of the Issuer or the Guarantor in respect of the Securities shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within a Relevant Jurisdiction or any jurisdiction through which payments are made or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In such event the Issuer shall, subject to the limited exceptions specified in Condition 7 of Terms and Conditions of the Securities, increase the amounts paid by it to the extent required, so that the net amount received by holders of Securities equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

Redemption at the Option of the Issuer

The Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the holders of Securities at their principal amount together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount) on the First Call Date or on any Distribution Payment Date after the First Call Date, as further described in Condition 5(b) of Terms and Conditions of the Securities.

Redemption for Taxation Reasons .

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' notice in writing to the holders of Securities and the Trustee and the Agents (which notice shall be irrevocable), at their principal amount (including any Arrears of Distribution and any Additional Distribution Amount), together with any distribution accrued to the date fixed for redemption, in the event of certain changes affecting taxes of Hong Kong or the PRC, as further described in Condition 5(c) of Terms and Conditions of the Securities.

<p>Redemption for Accounting Reasons</p>	<p>The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on the Issuer giving not more than 60 nor less than 30 days' notice to the Trustee, the holders of Securities and the Agents (which notice shall be irrevocable) at their principal amount, together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount) if, immediately before giving such notice, the Issuer satisfies the Trustee that as a result of any changes or amendments to GAAP or any other generally accepted accounting standards that may replace GAAP for the purposes of preparing the consolidated financial statements of the Guarantor (the "Relevant Accounting Standards"), the Securities must not or must no longer be recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standards, as further described in Condition 5(d) of Terms and Conditions of the Securities.</p>
<p>Redemption for a Change of Control Triggering Event</p>	<p>The Securities may be redeemed at the option of the issuer in whole, but not in part, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the holders of Securities at 101 per cent. of their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) if a Change of Control Triggering Event occurs, as further described in Condition 5(e) of Terms and Conditions of the Securities.</p>
<p>Redemption for SAFE Noncompliance Event</p>	<p>Upon the occurrence of a SAFE Noncompliance Event, the Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 30 nor less than 15 days' irrevocable notice to the Trustee, the Agents and the holders of Securities at their principal amount (together with any Distribution accrued up to, but excluding, the redemption date (including any Arrears of Distribution and any Additional Distribution Amount)), as further described in Condition 5(f) of Terms and Conditions of the Securities.</p>
<p>Redemption on the occurrence of a Breach of Covenants Event</p>	<p>The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the holders of Securities at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) upon the occurrence of a Breach of Covenants Event, as further described in Condition 5(g) of Terms and Conditions of the Securities.</p>

Redemption on the occurrence of in an Indebtedness Default Event	The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the holders of Securities at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) upon the occurrence of an Indebtedness Default Event, as further described in Condition 5(h) of Terms and Conditions of the Securities.
Redemption for minimum outstanding amount	The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the holders of Securities at their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) if prior to the date fixed for redemption at least 80 per cent. in principal amount of the Securities originally issued has already been cancelled, as further described in Condition 5(i) of Terms and Conditions of the Securities.
Clearing Systems	The Securities will be evidenced by beneficial interests in the Global Certificate, which will be registered in the name of a nominee for, and deposited on the Issue Date with, a common depositary for, Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by Euroclear and Clearstream. Except as described herein, certificates for Securities will not be issued in exchange for beneficial interests in the Global Certificate.
ISIN Code	XS1679350014
Common Code	167935001
Governing Law	English law.
Trustee	The Hongkong and Shanghai Banking Corporation Limited.
Principal Paying Agent, Calculation Agent, Registrar and Transfer Agent	The Hongkong and Shanghai Banking Corporation Limited.

Listing	<p>Approval-in-principle has been obtained for the listing and quotation of the Securities on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Approval-in-principle for the listing and quotation of the Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, their respective subsidiaries, their respective associated companies (if any), the Guarantee of the Securities or the Securities. Each series of the Securities will be traded on the SGX-ST in a minimum board lot size of S\$250,000 for so long as such Securities are listed on the SGX-ST and the rules of the SGX-ST so require.</p> <p>So long as the Securities are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Securities may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for definitive certificates. In addition, an announcement of such exchange will be made through the SGX-ST. Such announcement will include all material information with respect to the delivery of the definitive certificates or, as the case may be, certificates including details of the paying agent in Singapore.</p>
Rating	<p>S&P has assigned a corporate rating of “BBB” to the Guarantor with a “stable” outlook and Fitch has assigned a corporate rating of “BBB+” to the Guarantor with a “stable” outlook. The Securities are expected to be rated “BBB-” and “BBB” by S&P and Fitch, respectively. Security ratings are not recommendations to buy, sell or hold the Securities. Ratings are subject to revision or withdrawal at any time by the rating agencies.</p>
Further Issues	<p>The Issuer may from time to time without the consent of the holders of Securities create and issue further securities having the same terms and conditions as the existing Securities in all respects (or in all respects except for the issue date, the issue price and the first payment of Distribution on them and the timing for complying with the requirements set out in Terms and Conditions of the Securities in relation to the NDRC Post-issue Filings and the Cross-Border Security Registration) and so that such further issue shall be consolidated and form a single series with the existing Securities, as further described in Condition 12 of Terms and Conditions of the Securities.</p>
Use of Proceeds	<p>See “Use of Proceeds”.</p>

RISK FACTORS

Prior to making an investment decision, prospective investors should carefully consider the following risk factors, along with the other matters set out in this Offering Circular. PRC laws and regulations may differ from the laws and regulations in other countries. Additional risks not described below or not currently known to the Issuer and the Guarantor or that they currently deem immaterial may also adversely affect the business, financial condition or results of operations of the Guarantor and the Group or the value of the Securities. Each of the Issuer and the Guarantor believes that the risk factors described below represent the principal risks inherent in investing in the Securities, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Securities may occur for reasons which may not be considered as significant risks by the Issuer and the Guarantor based on information currently available to them or which they may not currently be able to anticipate. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

Neither the Issuer nor the Guarantor represents that the statements below regarding the risk factors of holding any Securities are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Group could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Offering Circular.

RISKS RELATING TO THE GROUP'S BUSINESSES

The automotive and equipment manufacturing industry and business is dependent in large part on the performance of the Chinese and global economies. As a result, the Group's business, prospects, financial condition or results of operations could be adversely affected by slowdowns in the Chinese or global economies.

The Group's operations and performance, and the automotive and equipment manufacturing industry generally, depend significantly on Chinese and global economic conditions. During periods of economic expansion, demand for trucks, construction machinery and related components generally increases. Conversely, the Group's operation and performance, and the automotive and equipment industry, are generally adversely affected by a decline in China's or global demand.

According to the World Bank's latest Global Economic Prospects report issued in June 2017, the global economy will continue to see a sluggish growth with a weak recovery, mainly driven by the improvement in emerging market and developing economies. The report notes that global manufacturing and trade have firmed, financing conditions remain benign, and commodity prices have generally stabilised. The improvement is driven by diminishing obstacles to activity in commodity exporters and robust growth in commodity importers. On the other hand, risks to the outlook include increased restrictions to trade, the possibility of financial market disruptions, and, over the longer term, weaker potential growth.

In addition, the general performance of the Chinese economy affects, to a significant degree, the Group's business, prospects, financial condition and results of operations. The economy of the PRC experienced rapid growth in the past 30 years. There has been a slowdown in the growth of the PRC's gross domestic product ("GDP") since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. According to the National Statistics Bureau of the PRC, the annual growth rate of China's GDP in 2015 slowed down to 6.9 per cent. on a year-on-year basis compared to 7.3 per cent. in 2014, and it further decreased to 6.7 per cent. in 2016 on a year-on-year basis, representing the slowest growth in the past 20 years. In addition, various

measures taken by the PRC government from time to time to regulate economic growth and control inflation have in prior periods significantly weakened demand for trucks, construction machinery and diesel engines in China, and may have a similar effect in the future. See “- Risks Relating to the PRC — The slowdown of the PRC’s economy caused in part by the challenging global economic conditions may adversely affect the Group.”

Uncertainty and adverse changes in the Chinese economy or other parts of the world where the Group has operations could weaken demand for the Group’s products in these economies, and could also increase costs associated with developing the Group’s products and reduce the availability of potential sources of financing, and increase the Group’s exposure to material losses from its investments, any of which could have a material adverse impact on the Group’s business, financial condition and operating results.

There is no guarantee that the Group is able to achieve the same growth as in the past, if at all.

The Group primarily engages in the development and manufacturing of automotive and equipment, mainly auto powertrain, heavy-duty trucks, forklift trucks and other key auto parts and components. The Group’s business performance and growth in its revenue and sales are affected by a number of factors, such as market demand, changes in manufacturing capacity, pricing strategy, market condition, interruptions in production, general economic conditions and competition landscape. Material adverse changes in any of these factors may have a material negative impact to the Group’s sales and revenue. During the year ended 31 December 2015, sales of the Group’s engine products decreased by 44.7 per cent. and revenue of sales of diesel engine decreased by 38.0 per cent. compared to the year ended 31 December 2014. These decreases were mainly attributable to a contraction in the sales of the Group’s diesel engines for heavy-trucks and construction machinery, which in turn resulted from a significant decrease in the automotive and engine demand in China in 2015. In 2016, sales of the Group’s engine products rebounded by 38.9 per cent. and revenue of sales of diesel engine increased by 42.7 per cent, compared to the year ended 31 December 2015, mainly due to an increase in the sales of the Group’s diesel engines for heavy-trucks and construction machinery, which in turn resulted from a modest recovery in the automotive and engine demand in China in 2016. The Company believes that its sales and revenue will continue to be affected by the abovementioned factors given the increasing uncertainties in the macroeconomic environment in China and globally. Therefore, the Group’s financial condition and results of operations may continue to experience fluctuations in the future.

If the Group is unable to improve its existing products and develop new products or successfully enter into other markets, it may become less competitive and its business, prospects, financial condition and results of operations may be materially and adversely affected.

The automotive and equipment manufacturing industry in the PRC and the countries where the Group has operations are highly competitive and are constantly evolving. The Group has to continue to diversify its product portfolio, improve its product quality and enter into new markets in order to maintain its competitiveness. Changes in customer requirements and preferences, development of new technology for alternative energy or electric vehicles, and evolving industry standards and practices could potentially render the fuel-based engine technologies, including diesel engine technology, obsolete or less attractive. As such, the Group’s future success depends in part upon its ability to successfully develop and market new products that meet customer needs in a timely manner.

The Group has committed substantial resources to continually improve the technology and competitiveness of its products. However, there is no assurance that the Group’s research and development efforts will successfully identify and develop valuable new products. Future products may utilize different technologies and may require knowledge of markets that the Group does not currently possess. The Group’s competitors may introduce new or improved products that are more favourably received by customers than the Group’s products or may enter into new markets before the Group, thereby obtaining an early-entrant advantage.

In addition, customer preferences and market demands for the Group's products vary from region to region due to many factors, such as level of industrial development, environment, climate, topography, local economy and regulatory environment. As such, the results of the Group's investments in research and development depend on its ability to address different preferences and demands. Failure to do so could result in loss of market shares and business opportunities, decreases in sales and revenue and the Group's business, prospects, financial condition or results of operations may be materially and adversely affected.

The Group's business, prospects, financial condition or results of operations may be adversely affected if the Group is unable to execute its business plans.

During the past decades, the Group has experienced a significant growth in revenue and profit as a result of organic growth and strategic acquisitions.

The Group plans to implement a number of strategies, such as diversifying business portfolio, improving operational efficiency, expanding aftermarket services and enhancing research and development to strengthen its leading market position in China and develop itself into a world-leading international manufacturing group in the future. The success of the Group's business strategies depends on a number of factors which may or may not be within the Group's control, including but not limited to whether the automotive and equipment manufacturing industry, particularly in China, will continue to grow at the pace anticipated by the Group, whether the Group will be able to timely and effectively capture the opportunities associated with such growth, the level of competition arising from other automotive and equipment manufacturers, the ability to manage the Group's business growth strategically and cost-effectively, the ability to cope with any increase or changes in product demands and fluctuations in raw material and engine components prices, the ability to enhance the research and development capabilities and the availability of funds to finance the Group's strategic plans. There is no assurance that the Group will be able to successfully manage any of these factors. In addition, the implementation of these strategies may increase the Group's costs and expenses and therefore affect its profitability. If the Group fails to implement its business plans, the Group's business, financial condition or results of operations could be materially and adversely affected.

The Guarantor's consolidated financial information may not be directly comparable from period to period.

Since 1 January 2014, the Guarantor has acquired equity interest in entities and from the accounting perspective consolidated such entities into its financial statements during relevant periods, including KION and Weichai (Weifang) Medium-duty Diesel Engine Co., Ltd. (潍柴(潍坊)中型柴油機有限公司) (formerly known as Weifang Weichai Deutz Diesel Engine Co., Ltd., "**Weichai Medium**"). As a result, the Guarantor's consolidated financial information during certain reporting periods may not be comparable with those of previous reporting periods.

On 15 January 2014, the Guarantor exercised the call options granted by Superlift Holding S.a r.l., Luxembourg ("**Superlift**") the then-largest shareholder of KION and thereby increased its interest in KION (held by Weichai Power (Luxembourg) Holding S.a r.l. ("**Weichai Lux**"), an indirectly wholly-owned subsidiary of the Guarantor) from 30.0 per cent. to 33.3 per cent. On 12 June 2014, the Guarantor became the single largest beneficial shareholder of KION after Superlift sold down its interest in KION from 34.5 per cent. to 26.9 per cent. Pursuant to the Accounting Standard for Business Enterprises No. 33 — Consolidated Financial Statements, KION became accounted for and consolidated into the consolidated financial statements of the Guarantor as a subsidiary since 1 July 2014. On 27 March 2015, the Guarantor, through Weichai Lux, entered into an agreement to acquire additional 4,900,000 shares of KION, representing 4.95 per cent. of the issued share capital of KION. Upon the completion of this acquisition, the Group's beneficial interest in KION was increased to 38.25 per cent. On 18 July 2016, the Guarantor increased its shareholding in KION to 40.23 per cent. On 12 December 2016, the Guarantor further increased its shareholding in KION to 43.26 per cent. See "Description of the Group — History and Development — Acquisition of KION." As such, the Guarantor's consolidated financial information in 2014, especially with respect to any period prior to 1 July 2014 is not directly comparable with its consolidated financial information in 2015 or 2016 or the corresponding period in 2015 or 2016.

In addition, on 26 September 2016, the Guarantor entered into an equity transfer agreement with Weichai Group Holdings Limited to acquire the entire equity interest in Weichai Medium at a consideration of approximately RMB252.9 million. Weichai Medium is a subsidiary of Weichai Holdings, which is the controlling shareholder of the Guarantor. As both parties were under control of Weichai Holdings before and after the combination, the transaction was considered a business combination involving entities under common control, in accordance with the rules of the PRC GAAP. The consideration of this transaction amounting to RMB252.9 million was paid on 18 October 2016, and Weichai Medium's right of control was transferred to the Guarantor. Therefore, from 1 November 2016 onwards, the Guarantor included Weichai Medium into the scope of its consolidated financial statements, and this has been accounted for as if Weichai Medium had been consolidated as at 1 January 2016 pursuant to the "Accounting Standard for Business Enterprises No.20 — Business Combination". Accordingly, the comparative amounts as of and for the year ended 31 December 2015 are restated in the consolidated financial statements as at and for the year ended 31 December 2016 and the comparative amounts as of and for the six months ended 30 June 2016 are restated in the consolidated interim financial statements as of and for the six months ended 30 June 2017, as if Weichai Medium had been consolidated since 1 January 2015. For details and impact on the Group of such restatement, see note VI.2 "The Change in Scope of Consolidation — Business Combinations involving Entities under Common Control" and note XIV.3 "Other Significant Events — Comparative Figures" to the consolidated financial statements as of and for the year ended 31 December 2016, which are included in the F-pages of this Offering Circular. Given the impact of the change in scope of consolidation and the restatement, the Guarantor's consolidated financial information for the year ended 31 December 2015 and the six months ended 30 June 2016 is not directly comparable to its consolidated financial results in 2014 or the corresponding period in 2014.

Accordingly, potential investors must exercise caution and consult its financial advisors if necessary when using the consolidated financial information of the Guarantor to evaluate its financial performance.

The Group's significant borrowing may increase its vulnerability to changes in market conditions.

The Group uses bank and other borrowings to satisfy a portion of its cash needs. As at 30 June 2017, the Group's long-term indebtedness were RMB30,874.5 million and short-term indebtedness were RMB7,637.1 million, which represented a total debt to equity ratio (defined as total indebtedness divided by total shareholders' equity of the Guarantor) of 80.3 per cent. Maintaining a significant level of indebtedness may have adverse consequences to the Group's operating and financing activities and results, which may include the following:

- adversely affecting the Group's corporate credit rating;
- increasing the Group's vulnerability to adverse general economic and industry conditions;
- requiring the Group to dedicate a substantial portion of its operating cash flow to servicing and repaying its indebtedness, thereby reducing the amount of cash to fund its capital expenditures, R&D and other general corporate purposes;
- limiting the Group's flexibility in planning for or reacting to changes in its businesses and the industries in which it operates;
- reducing the Group's competitiveness compared to its competitors that have lesser debt;
- limiting, under the financial and other restrictive covenants of its indebtedness, among other things, the Group's ability to borrow additional funds or refinance certain indebtedness; and
- increasing the Group's costs of obtaining additional financing.

If the Group fails to comply with any of the restrictions and covenants in its current or future debt obligations and other agreements, a default under the terms of such agreements may occur. In the event of a default under such agreements, the holders of the debt may be entitled to terminate their commitments to the Group, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, depending on the specific provision of the agreements. Some of the financing arrangements entered into by the Group contain cross-acceleration or cross-default provisions. A default by the Group under another financing agreement may cause acceleration of the repayment of the debt outstanding under the agreements which contain a cross-acceleration provision, or result in a default under the agreements which contain a cross-default provision. If the Group defaults under a large amount of debts, there can be no assurance that its available cash would be sufficient to remedy those debts or repay them in full as they become due, or that it would be able to find alternative financing on terms that are acceptable to it.

In addition, the Group's bank deposits and notes receivable in the amount of RMB13,456 million were used to secure its bank borrowings as at 30 June 2017. If the Group fails to service its borrowings when due and the banks enforce their security rights under the relevant security agreements, the Group may lose part or all of the assets securing the borrowings and its business, financial condition and results of operations may be materially and adversely affected.

The Group has significant cash requirements and failure to obtain sufficient capital resources may adversely affect the Group's business, prospects, financial condition or results of operations.

The Group operates in a capital intensive industry. The Group requires significant capital resources to fund the production, development, marketing and sales of its products as well as the implementation of its business plans. It also needs sufficient cash to service its outstanding borrowings and other obligations. For the six months ended 30 June 2017, the Group incurred capital expenditures in the amount of RMB3,718.3 million and as at 30 June 2017, the Group had capital commitment in the amount of RMB1,351.4 million. The total outstanding indebtedness of the Group was RMB38,511.6 million as at 30 June 2017.

The Group believes that its cash balance and cash flow generated from operations, together with any necessary borrowings, will provide sufficient financial resources to meet its projected capital and other expenditure requirements. However, if the Group underestimates its capital requirements and its future cash flows, additional financing may be required. The Group's future business and financial performance depends on a number of factors, such as the Group's ability to implement its business plans, changes in the competitive landscape in which the Group operates and general market conditions. If the Group's business fails to generate sufficient and stable cash flow, the Group may be forced to seek external financing. There is no assurance that such financing will be available in sufficient amounts for the Group or will be available on terms that are acceptable to the Group or at all. The Group's ability to obtain external financing is subject to various uncertainties, including its results of operations, financial condition and cash flow, economic, political and other conditions in China, the PRC government's policies relating to foreign currency borrowings and the condition of the Chinese and international capital markets. For example, China continued to experience a shortage of liquidity in its banking system, causing the PRC government to announce a reduction in its one year lending rate to 5.6 per cent. on 21 November 2014, to 5.35 per cent. on 1 March 2015, to 5.10 per cent. on 10 May 2015 and to 4.85 per cent. on 28 June 2015, to 4.60 per cent. on 30 August 2015, and further to 4.35 per cent. on 24 October 2015 and onwards. In addition, on 1 March 2016, the People's Bank of China cut the reserve requirements to be held by banks in an effort to inject liquidity into the economy in response to rising deflationary and slowdown pressures. Failure to obtain sufficient capital resources may adversely affect the Group's business, prospects, results of operations and financial condition.

Failure to effectively manage the Group's inventory level could adversely affect its business, financial condition and results of operations.

The Group needs to maintain sufficient inventory, especially finished products, to meet market demand and its increased sales. As at 31 December 2014, 2015 and 2016 and 30 June 2017, the balance of the Group's inventories was RMB12,614.7 million, RMB11,922.6 million, RMB16,090.7 million and RMB19,139.7 million, respectively. The general increase in the Group's inventories in 2016 was mainly attributable to the increase of its sales of engines and heavy-duty trucks in the same year as the Group adopts a sales-oriented production strategy. The Group's ability to manage its inventory level effectively may have a material impact on its business, financial condition and results of operations. The Group endeavours to manage its inventory level by aligning its procurement with its sales based on confirmed purchase orders and projected sales. However, making an accurate estimate is difficult. The Group relies on internal forecasts based on such confirmed purchase orders and projected sales to estimate the type and volume of raw materials and engine components to be purchased and the timing of such purchases, as well as the type and volume of products to be manufactured and the timing of such production. If the Group's forecasts do not accurately reflect actual customer demand, the level of which may vary for a variety of reasons beyond the Group's control, the Group may incur costs associated with carrying excess raw materials and engine components, over-invest in and underutilize the new production facilities or encounter shortages of raw material and engine components that make it difficult for the Group to fulfil customer orders. The Group may experience fluctuations in customer orders and end-users or the dealers may delay or default in fulfilling their contractual obligations under purchase agreements due to changes in their financial or operational conditions or other reasons. In that case, expenses and inventory levels could be disproportionately high as compared to sales generated in the same period, and the Group's business, financial condition or results of operations could be materially and adversely affected. See “— Risks Relating to the Automotive and Equipment Manufacturing Industry — Market demand for diesel engine products may be affected by a slowdown in the growth rate of the PRC automotive, engine and traditional construction machinery industry”.

Excessive inventories increase the risk of inventory obsolescence and corresponding inventory write-downs and write-offs due to aging of the inventories. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the Group had losses due to a decline in value of inventories in the amount of RMB136.4 million, RMB184.7 million, RMB500.5 million, RMB171.1 million and RMB175.1 million, respectively. Any failure to effectively manage the Group's inventory level could materially and adversely affect its business, financial condition, results of operations and liquidity.

The Group is exposed to credit risks due to the significant amounts of its accounts receivables.

As at 31 December 2014, 2015 and 2016 and 30 June 2017, the Group's accounts receivables were RMB9,660.0 million, RMB9,001.7 million, RMB11,336.2 million and RMB13,729.7 million, respectively, representing 15.0 per cent., 15.4 per cent., 14.8 per cent. and 14.9 per cent., of the Group's total current assets. As at 31 December 2014, 2015 and 2016 and 30 June 2017, provision for bad debt of account receivables was RMB822.4 million, RMB937.3 million, RMB1,144.1 million and RMB1,448.5 million, respectively. The increase of the Group's accounts receivables in 2016 was primarily attributable to the increase of its sales of engines and heavy-duty trucks in the same year. 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 month, extending up to six months for major customers. Customers with good trading record could also, in general, get a longer credit period. Accounts receivable is non-interest bearing. The Group has little control over its customers and cannot guarantee that its customers will make full payments for their outstanding bills within the timeframe the Group anticipates, or at all. An increase in the amount of the accounts receivables is expected to increase the pressure on the Group's operating cash flow and may affect its daily operations and the implementation of its expansion plans. As the Group does not require its customers to provide any security in relation to their receivables, the Group may suffer significant losses if the Group is unable to recover its accounts receivables. In this case, the Group's business, financial condition or results of operations may be materially and adversely affected.

Integration of businesses acquired by the Group involves a number of uncertainties and may not be financially successful.

In 2012, the Group acquired 25 percent interest in KION, a forklift truck manufacturer based in Germany and 70 percent interest in Linde Hydraulics, a KION subsidiary specialised in developing hydraulics technologies. Through a series of stake increases, the Group became the controlling shareholder of KION, and KION's accounts were consolidated into the financial statements of the Guarantor starting from 1 July 2014. In 2016, the Guarantor acquired the entire equity interest in Weichai Medium from Weichai Holdings. As both Weichai Medium and the Guarantor were under control of Weichai Holdings before and after the combination, the transaction was considered a business combination involving entities under common control, in accordance with the rules of the PRC GAAP. Therefore, from 1 November 2016 onwards, the Guarantor included Weichai Medium into the scope of its consolidated financial statements, and this has been accounted for as if Weichai Medium had been consolidated as at 1 January 2016 pursuant to the "Accounting Standard for Business Enterprises No.20 — Business Combination". In addition, in 2016, KION acquired the entire equity interest in Retrotech and Dematic. The financial success of these acquisitions largely depends on the Group's ability to successfully integrate its business with the businesses of KION, Linde Hydraulics, Retrotech, Dematic and Weichai Medium, rationalise operations and generate synergies with the acquired businesses. There is no guarantee that such integration will be successful as it involves a number of uncertainties and may be affected by many factors, some of which are beyond the Guarantor's control. The Guarantor's estimates and expectations about the acquisitions may turn out to be incorrect or the Group may not be able to execute its integration strategies successfully.

Issues that must be addressed in integration in order to realize the anticipated benefits and costs savings of the acquisitions include, among other things:

- maintaining and improving management and employee engagement, morale, motivation and productivity;
- recruiting and retaining key executives and employees;
- retaining and strengthening relationships with existing customers and attracting new customers;
- conforming standards, controls, procedures and policies, business cultures and compensation structures among the companies;
- consolidating and streamlining corporate and administrative infrastructures;
- consolidating sales, customer service and marketing operations;
- identifying and eliminating redundant and underperforming operations and assets;
- integrating distribution, sales, customer service and administrative support activities among the companies;
- integrating information technology systems, including those systems managing data security for sensitive employee, customer and vendor information, and diverse network applications across the companies;
- managing the broadened competitive landscape, including responding to the actions taken by competitors in response to the acquisitions;
- coordinating geographically dispersed organizations;
- managing the additional business risks that the Group has not previously directly managed; and
- managing tax costs or inefficiencies associated with integrating the operations following completion of the acquisitions.

Delays encountered in the process of integrating the acquisitions could negatively affect the Group's revenues, expenses, cash flow and financial condition after the acquisitions. Although significant benefits, such as enhanced revenue, earnings, cash flow and cost savings, are expected to result from the acquisitions, there is no assurance that these anticipated benefits and results can be achieved. Significant costs are expected to be incurred in connection with the integration of the acquired businesses. Although the Group believes that the elimination of duplicative costs, as well as the realization of other synergies and efficiencies related to the integration of the acquisitions, will offset incremental integration-related costs over time, no assurances can be given that this net benefit will be achieved in the near term, or at all. In addition, the process of integrating the operations of the partially-owned subsidiaries may cause conflicts or disputes with other shareholders of the acquired businesses, and the Group's integration strategies and measures may not be successfully implemented or achieve the results the Group anticipates. Failure to realize the benefits anticipated from integration of the acquired businesses for any of the above reasons may materially and adversely affect the Group's business, prospects, financial condition or results of operations.

The Group relies on certain major suppliers for selected engine components and any failure by the major suppliers to perform their obligations under the supply contracts or deterioration of the Group's relationship with them may adversely affect the Group's business and prospects.

The Group procures certain engine components, such as oil pumps, nozzles and turbo units for the production of its engine products, from a limited group of suppliers. The Group normally enters into framework agreements with its suppliers on an annual basis at the beginning of each year, which provide for the types and models of components the Group requires during the year. The Group places its orders through Weichai Power ISP supplier management system on monthly and daily basis, which provide for, among others, the unit price and the quantity of components procured under the contracts. The Group generally does not enter into long-term supply agreements with the suppliers. The suppliers may from time to time extend lead times, limit supplies or increase prices due to capacity constraints or other factors.

The supply contracts with these third party suppliers also set out detailed specifications of the products that the Group purchases. Although the Group has dedicated employees to manage these suppliers and manufacturers, there is no assurance that these suppliers will honour the contracts and are able to deliver products that satisfy those specifications, and it takes time to replace those suppliers who fail to deliver. For example, to change the electronic fuel injection system in the engines, the Group needs to go through a series of procedures to determine the corresponding specifications of engine bench, high-altitude, high and low temperature conditions for the relevant vehicles and for the relevant vehicles to obtain applicable regulatory clearances. If these suppliers fail to fulfil their obligations under the contracts, the Group's engine production and other business operations may be materially and adversely affected. While the Group may claim damages based on the breach of contract by the suppliers and manufacturers, it may be held liable to its customers if the breach of contract by the suppliers and manufacturers affects the quality of the Group's products, delays in delivery or results in any breach of contract by the Group. Any of these situations may have a material and adverse impact on the Group's business, financial condition or results of operations.

Failure by the Group to obtain and maintain the licences, permits or approvals may have a material and adverse impact to its business.

The Group's operations are governed by the laws, regulations and governmental rules in China and other countries where it operates its businesses. The applicable laws, regulations and governmental rules may require the Group to obtain various licenses, permits and approvals for its operations, such as business licenses, production permits, pollutant discharge licenses, foreign investment approvals, tax registration and foreign exchange registration certificates. The granting of these licenses, permits and approvals and their renewal may be conditional upon the Group's fulfilment of the conditions and procedures set forth under relevant laws and regulations, and may be affected by the discretion of the relevant governmental authorities and agencies. The Group may not be able to obtain one or more

licenses, permits and approvals in a timely manner, or at all due to its failure to satisfy the requirements set by laws or due to causes beyond its control. For the similar reasons, there is no assurance that the Group is able to extend or renew its existing licenses, permits and approvals upon expiration. Failure to obtain or renew, or any suspension, withdrawal or termination of any licenses, permits or approvals necessary to the Group's business may cause the Group to cease some or all of its business activities, and may result in fines, penalties or other administrative or legal liabilities. This may in turn adversely affect its business, financial condition and results of operations.

For example, the Group manufactures and sells heavy-duty trucks through Shaanxi Zhongqi, which is a subsidiary of the Guarantor. Shaanxi Automotive Group Co., Ltd. (陝西汽車集團有限責任公司) (“**Shaanxi Automotive**”), an associate company of the Group, agreed to assign the qualification for manufacturing trucks under the brand “陝汽” to Shaanxi Zhongqi when it established Shaanxi Zhongqi with Torch Automobile Group Co., Ltd. (湘火炬汽車集團股份有限公司) (“**Torch Automobile**”), a subsidiary of the Group. Although Shaanxi Automotive undertook to transfer the qualification to Shaanxi Zhongqi in 2007 and was urged to fulfil such undertaking by Shaanxi Zhongqi in 2009, the qualification has not been transferred to Shaanxi Zhongqi due to a combination of factors beyond Shaanxi Zhongqi's control. There is no assurance that production without necessary qualification and permits by these members of the Group will not be penalized by the relevant governmental authorities or result in any liabilities or adverse impact to the Group's business operations, financial condition and results of operations in the future. See “Description of the Group — The Group's Principal Products — Automobiles and Other Major Automobile Components”.

The Group's truck manufacturers and OEM customers may not continue to outsource their engine supply needs.

Several of the Group's engine customers are truck manufacturers or OEMs that manufacture engines for some of their own products. Despite their own engine manufacturing capabilities, these customers have historically outsourced certain types of engine production to the Group for better product quality, emission capability, system integration, customer preferences or their desire for cost reduction and other considerations. There is no assurance that these customers will continue to outsource, or outsource as much of, their engine production in the future. An increase in the level of OEM vertical integration or business expansion could result from a number of factors, such as shifts in the customers' business strategies, acquisition by a customer of another manufacturer, the inability of third-party suppliers to meet product specifications and the emergence of low-cost production opportunities in foreign countries. Any significant reduction in the level of engine production outsourcing from the truck manufacturers or OEM customers could have a material adverse effect on the Group's business and results of operations.

The Group may face increases in the prices of raw material and engine components.

The raw materials for producing the Group's products mainly include steel, aluminium ingots, furnace materials such as cast iron, scrap steel, sand and coke, and chemicals. The Group also outsources certain engine components such as common rail systems, crankshafts, connecting rods, flywheels, water pumps, high pressure oil pumps and other parts and components for engine production. As a result, the Group's costs of raw materials are directly exposed to fluctuations in the prices of steel, iron, aluminium and various components, which are in turn subject to global and regional supply and demand conditions.

The Group has historically experienced fluctuations of the prices of steel, iron, aluminium and certain engine components. The Group believes the volatility of the prices of materials is likely to continue in the foreseeable future. Although changes in the purchase prices of any single raw material and engine component historically have not significantly affected the Group's gross profit margin, the cost of raw material and engine components as a whole plays a prominent role in the manufacture of its products. In addition, the Group normally cannot pass through the increases in new material prices to its customers unless the contracts provide for a price adjustment mechanism or there is an unusually significant price fluctuation. Increases in the prices of raw materials and engine components may increase the Group's cost of sales. If the Group fails to address the increases in the costs of raw materials in an effective

manner, or at all, it may experience lower profit margins, and its business, prospects, financial condition or results of operations may be materially and adversely affected.

The Group's profitability could be negatively affected by the fluctuation in the pricing of its products.

The Group's profitability may be affected by a material fluctuation in the average selling prices of the products sold. The average selling prices of the Group's products are affected by a combination of factors, including changes in product mix, lowered product prices of certain engine models to expand the market and attract new customers, or as requested by certain customers who chose to have less spare parts sold with the engines to reduce their production costs, or demanded the Group to lower the product price for increased purchase quantity from the Group. For example, as the China No. V National Emission Standards became effective on 1 January 2017, the Group reduced the prices of certain engine products that would no longer be able to satisfy the new emission standards with an aim to decrease the inventories of those products. If there is a decrease in the average selling prices of the Group's products, coupled with an increase in raw material and engine components costs, the Group's profit margins for certain periods could decline, which adversely affect the Group's profitability and financial condition. In the event that the Group fails to increase its sales volume, reduce its costs and expenses or introduce new competitive products with higher margins, the Group's business, financial condition or results of operations may be materially and adversely affected.

The Group may not be able to successfully implement any international expansion plans and strategies that it may undertake in the future.

A majority of the engines and heavy-duty trucks produced by the Group are sold in China. Since 2012, the Group further expanded its business into the European market by acquiring equity interest in KION, a leading global forklift truck manufacturer based in Germany, Linde Hydraulics, a specialized developer of hydraulics technologies, and a Nasdaq listed company, Power Solutions International Inc. (stock code: PSIX) ("PSI"), a leading global engine manufacturer and distributor founded under the law of the state of Delaware, producing various types of high-performance, certified low-emission engines of natural gas, propane and other non-diesel fuel. The Group may consider further overseas expansion in the future. However, the Group may not be able to expand into international markets successfully due to various factors, including but not limited to the following:

- the Group's lack of experience and lack of substantial presence overseas may make it difficult for the Group to effectively expand into the international markets;
- the Group may face market entry barriers such as strong local competition or tariffs, taxes and other restrictions, which may prevent the Group from competing effectively in new markets;
- there may not be a steady increase in demand, the Group may not be able to predict market trends and customer needs to offer an appropriate product mix to international markets or there may not be sufficient demand for the Group's products in international markets;
- the Group may fail to obtain or maintain licenses or certifications for the operations and products in the markets;
- the Group may face difficulty in attracting, retaining and training key executives and employees for its international operations; and
- current and future trade and economic sanctions among countries may cause difficulties in exporting the Group's products to certain countries.

The Group's business is subject to operational risks.

The Group's production is exposed to hazards inherent to manufacturing industries, including but not limited to fires, unexpected wear and tear or degradation, mechanical failure or misuse and power outages, unscheduled downtimes, performance below expected levels of output or efficiency, transportation interruptions, other industrial accidents, environmental risks and terrorist acts. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, the Group did not experience any material operational problems at its production facilities. However, any future occurrence of material operational problems at the Group's facilities may materially reduce the Group's productivity and profitability during and after the period of such operational difficulties. Some hazards may interrupt the operations, cause personal injury, loss of life, severe damage to or destruction of property and equipment and environmental damage and result in legal and regulatory liabilities and/or the imposition of civil or criminal penalties, which may not be fully covered by insurance policies. Furthermore, the Group may be subject to claims with respect to workplace, workers' compensation and other matters. Consequently, the Group's business, financial condition or results of operations could be materially and adversely affected.

If the Group is not able to secure sufficient labour at reasonable costs, its business and operations may be adversely affected.

The manufacturing business is labour intensive. The Group needs to continue to increase headcounts at various levels to support its business operations and development, particularly skilled workers and personnel which has been and may continue to be short of supply in China. This shortage will increase the competition and costs for talented and skilled workers. If the Group fails to retain existing labour and/or recruit and properly train sufficient labour in a timely manner, the Group may not be able to cope with a sudden increase in demand for its products or properly implement its expansion plans. If the Group is not able to manufacture and deliver its products on schedule or if the Group is unable to implement its expansion plans, its business, financial condition, results of operations and prospects could be materially and adversely affected.

Additionally, the Group may be adversely impacted by work stoppages and other labour matters. While the Group is not aware of any work stoppages or other labour matters at its production facilities, there is no assurance that the Group will not encounter future strikes, work stoppages, or other types of conflicts with labour unions or the Group's employees in the future or that disputes with the Group's employees will be resolved in a manner favourable to the Group. Any of these consequences may have an adverse effect on the Group or may limit its flexibility in dealing with its workforce. In addition, many of the Group's customers and suppliers have unionized work forces. Work stoppages or slow-downs experienced by the Group's customers or suppliers could result in slow-downs or closures that would have a material adverse effect on the Group's production and sales.

In the event that there is labour shortage or the Group's labour costs rise significantly, the costs of the Group's business operations are likely to increase. In recent years, cost of labour has substantially increased. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's PRC-based operations and therefore negatively affect the Group's profitability.

The Group's finance costs are sensitive to changes in interest rates.

The Group's finance costs may be adversely affected by an increase in the effective interest rates of its borrowings. Most of the Group's bank borrowings are denominated in Euros and U.S. dollars and are exposed to interest rate fluctuations, including fair value interest rate risk in relation to its fixed rate debt and cash flow interest rate risk in relation to variable-rate bank balances and borrowings. Some of the Group's bank borrowings are denominated in RMB and linked to the benchmark lending rates published by the PBOC, which may increase in the future. For the year ended 31 December 2016 and the six months ended 30 June 2017, the interest rate of the Group's borrowings ranged from 0.85 per cent. to 5.305 per cent. and 0.6 per cent. to 5.22 per cent., respectively. Any change in interest rates may materially and adversely affect the Group's business, financial condition or results of operations.

The Group is subject to fluctuations in foreign currency exchange rate and other related risks.

The Group conducts operations in many areas of the world involving transactions denominated in a variety of currencies. Since the Group's financial reporting currency is Renminbi, changes in the foreign exchange rates between Renminbi and other currencies in which the Group's international sales and procurement transactions are denominated have had, and will continue to have, an impact on the Group's financial condition and results of operations. The foreign currencies giving rise to this risk are primarily U.S. dollars, British pounds, Thai Baht, Indian Rupee and Euros. As at 31 December 2016, the Group had cash and cash equivalents of RMB294.5 million dominated in U.S. dollars and RMB21.7 million dominated in GBP, and accounts receivables of RMB851.8 million dominated in U.S. dollars and RMB806.7 million dominated in Euros. See note V.64 to the Guarantor's consolidated financial statements for the year ended 31 December 2016, which are included elsewhere in this Offering Circular.

The value of the Renminbi is subject to changes in PRC government policies and to international economic and political developments. Since 1994, the conversion of Renminbi into foreign currencies, including U.S. dollars and Euros, has been based on rates set by the PBOC. On 21 July 2005, the PRC reformed its foreign exchange regime by moving into a managed floating exchange rate system based on market supply and demand with reference to a basket of currencies, such that the Renminbi was no longer pegged to the U.S. dollar. From 30 December 2010 to 31 December 2014, the Renminbi appreciated approximately 6.4 per cent. against the U.S. dollar, while in the first eight months of 2015, Renminbi depreciated approximately 3.0 per cent. against the U.S. dollar. In January and February 2016, Renminbi experienced further fluctuation in value against the U.S. dollar. If the Renminbi depreciated against the currency in which the Group's procurement of engine components or other raw materials settled or the Renminbi appreciated against the currency in which the Group's sale of products settled, the Group's business, financial condition or results of operations may be adversely affected. Furthermore, since the Group may not be able to hedge effectively against exchange fluctuations, future movements in the exchange rate of the Renminbi, the U.S. dollar, British pounds and other currencies could have an adverse effect on the Group's business, financial condition or results of operations.

The Group also faces risks arising from the imposition of foreign exchange controls and currency devaluations. Foreign exchange controls may limit the ability to convert foreign currencies into Renminbi or to remit dividends and other payments by the foreign subsidiaries or businesses located in or conducted within a country imposing controls. Currency devaluations result in a diminished value of funds denominated in the currency of the country instituting the devaluation.

The Group's financial condition and results of operations may be affected by the defined benefit pension plan operated by certain overseas subsidiaries of the Guarantor.

Some of the Guarantor's overseas subsidiaries, namely Linde Hydraulics, KION and their respective subsidiaries, have defined benefit pension plans for employees. Under such a plan, employees make contributions to a separately-administered fund administered by an independent trustee, and are entitled to retirement benefits as defined in the plan. The Group's payment under the defined benefit pension plan normally increases along with an increase in the number of employees participating in the pension plans, which may divert the Group's cash flow to a certain extent. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, the Group's payables under the defined benefit pension plan were RMB6,610.7 million, RMB6,438.4 million, RMB8,062.1 million and RMB8,183.6 million, respectively. As at 31 December 2016 and as at 30 June 2017, the Group's assets under the defined benefit pension plan amounted to RMB89.9 million and RMB93.6 million, respectively.

According to its accounting policies, the Guarantor remeasures its contributions to the defined benefit pension plan as at each record date of its financial statements. Any re-measurements arising from the defined benefit pension plan, including actual gains and losses, change to the effect on maximum assets (net of amounts included under net interest) and return on assets under the plan (net of amount included under net interest), are recognized immediately in balance sheet, and included as incurred in owners' equity through other comprehensive income. No reversal to profit or loss will be made in

subsequent periods. The fair value of the Group's assets in the defined benefit pension plan is affected by a combination of factors, many of which are beyond the Group's control. Any material fluctuation in the valuation of the Group's assets in the defined benefit pension plan may have a material impact to the Group's financial condition and results of operations.

Measures to protect the Group's intellectual property rights against infringement may not be adequate and the Group may be exposed to infringement claims.

The Group has a large amount of intellectual property rights in the forms of patents, trademarks and copyrights in the PRC, Hong Kong and Europe. It also possesses certain trade secret, proprietary technologies and know-how. Existing laws in the PRC may not be able to effectively protect the Group's intellectual property rights from infringement acts and enforcement procedures may be protracted, costly or ineffective. The Group relies upon a combination of patent, copyright and trademark laws, trade secrets, confidentiality policies, non-disclosure and other contractual arrangements to protect its intellectual property rights; however, the steps the Group takes in this regard may not be adequate to prevent or deter infringement or other misappropriation of its intellectual property rights. The Group's products may be subject to unauthorized copying or other misappropriation. There is no assurance that the Group will be able to detect unauthorized use or take appropriate, timely and effective actions to enforce its intellectual property rights.

While the Group is developing measures to protect its intellectual property rights, the Group's competitors may have independently developed technologies or designs of products that contain similarities to the Group's, and these competitors may have applied for registration of patents or other intellectual property rights in respect of their technologies or designs. The competitors or other third parties may consider the Group's application of certain intellectual properties an infringement of their intellectual property rights. In addition, as the Group procures various parts and components from third-party suppliers, the Group may be involved in infringement claims against the suppliers from whom the Group purchases parts and components that are alleged to infringe certain intellectual property rights in the future. As a result, the Group may be exposed to infringement claims even where there may be a genuine case in the Group's favour. Any involvement in intellectual property rights infringement litigation may result in substantial costs, reputational damage and diversion of resources and management attention. If the Group is barred from using certain material trademarks, technologies, designs or other intellectual properties and fail to develop non-infringing substitutes or replacements or to obtain licenses to such intellectual properties, the Group's business operations may be interrupted and the Group's financial condition and results of operations could be adversely affected.

If the Group fails to maintain effective internal controls, its business, financial condition, results of operations and reputation, as well as its ability to produce accurate and timely financial disclosure and reports, could be materially and adversely affected.

The Group's internal control system is critical to the integrity of the Group's business and financial management and its ability to produce financial statements on an accurate and timely basis. The Group has implemented various measures to improve its internal controls. However, there is no assurance that all such measures will be effective or that any future material deficiencies or weaknesses in internal controls will be discovered and corrected in a timely manner. The Group's efforts to improve the internal controls have required, and in the future will continue to require, additional financial investments and significant management time and commitment.

In addition, the Group applies computerized systems to manage various aspects of its operations, such as accounting, manufacturing, inventory management, procurement, sales and distribution and after-sales services. Any breakdown or interruptions in the operations of any of these information systems may result in losses of important operational or financial data and cause interruptions in the Group's operations, as well as cause delay in the financial reporting process. If the Group fails to maintain effective internal controls or if the management information system fails to function effectively, the Group's business, financial condition, results of operations and reputation as well as its ability to produce accurate financial statements and disclosure on a timely basis may be materially and adversely affected.

Any failure to maintain an effective quality control system at the Group's production facilities could harm the Group's business.

The quality of the Group's products is critical to the success of its business. This significantly depends on the effectiveness of the Group's quality control system, which in turn depends on a number of factors, including the design of the system, the quality control training program, and the Group's ability to ensure that its employees adhere to the Group's quality control policies and guidelines. Failure or deterioration of the Group's quality control system could result in the production of defective or substandard products, delays in the delivery of the products, the need to replace defective or substandard products, and damage to the Group's reputation. If the Group's products do not meet the specifications and requirements agreed with or requested by the customers, or if any of the products are defective, or result in the customers suffering losses as a result of product liability claims, the Group may be subject to product liability claims and litigations, claims for indemnity by its customers, and other claims for compensation. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the Group's after-sales and product return fee amounted to RMB1,068.1 million, RMB583.3 million, RMB1,313.5 million, RMB513.0 million and RMB1,138.6 million, respectively. The Group also could incur significant legal costs regardless of the outcome of any claim of alleged defect. Product failures or defects, and any complaints or negative publicity resulting therefrom, could result in decreased sales of these or other products, or claims or litigation against the Group regarding the quality of its products. As a result, the Group's reputation, business, financial condition or results of operations could be materially and adversely affected.

Unanticipated changes in the Group's effective tax rate, the adoption of new tax legislation or exposure to additional income tax liabilities could adversely affect the Group's profitability.

For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, some members of the Group were entitled to preferential enterprise income tax rates and a preferential value-added tax rate under applicable PRC tax laws and regulations or as approved by relevant PRC tax authorities. See note IV.2 to the audited consolidated financial statements of the Guarantor for the year ended 31 December 2016, which are included elsewhere in this Offering Circular. Some of the preferential tax treatments are not recurring and are subject to periodical review and reassessment. Extension of those preferential tax treatments requires the relevant companies to satisfy certain conditions set out in the applicable PRC laws and regulations and, in some circumstances, are subject to the discretion of the tax authorities. There is no assurance that the relevant members of the Group will continue to enjoy preferential tax treatment after the current terms of those treatments expire, or that the current favourable tax policies will not be withdrawn or revoked by the PRC tax authorities or become less favourable. If the current preferential tax treatments and government subsidies are reduced or are no longer available in the future, the Group's effective income tax rate may increase and its business, financial condition or results of operations could be materially and adversely affected.

The Group is also subject to income taxes in Germany and numerous international jurisdictions. The Group's income tax provision and cash tax liability in the future could be adversely affected by changes in the distribution of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes to the assertions regarding permanent re-investment of the Group's foreign earnings, changes in tax laws and the discovery of new information in the course of the Group's tax return preparation process. The Group is also subject to ongoing tax audits. These audits can involve complex issues, which may require an extended period of time to resolve and can be highly judgmental. Tax authorities may disagree with certain tax reporting positions taken by the Group and, as a result, assess additional taxes against the Group. The Group regularly assesses the likely outcomes of these audits in order to determine the appropriateness of its tax provision. The amounts ultimately paid upon resolution of these or subsequent tax audits could be materially different from the amounts previously included in the Group's income tax provision and, therefore, could have a material impact on its tax provision.

Increasing global competition among the Group’s customers may affect the Group’s existing customer relationships and restrict its ability to benefit from some of the customers’ growth.

As the Group’s customers in emerging markets continue to grow in terms of business size and scope, they are increasingly seeking to export their products to other countries. This has meant greater demand for the Group’s advanced engine technologies to help these customers meet the more stringent emissions requirements of developed markets, as well as greater demand for access to the Group’s distribution systems for purposes of equipment servicing. As these emerging market customers enter into and begin to compete in more developed markets, they may increasingly begin to compete with the Group’s existing customers in these markets. The Group’s further aid to emerging market customers could adversely affect the Group’s relationships with developed market customers and, as a result, the Group may be pressured to restrict sale or support of some of its products in the areas of increased competition. In addition, to the extent the competition does not correspond to overall growth in demand, the Group may see little or no benefit from this type of expansion by its emerging market customers.

The Group is exposed to, and may be adversely affected by, information technology security threats and sophisticated “cyber-attacks”.

The Group relies on the information technology systems and networks in connection with its various business activities. Some of these networks and systems are managed by third party service providers and are not under the Group’s direct control. The Group’s operations routinely involve receiving, storing, processing and transmitting sensitive information pertaining to the business, customers, dealers, suppliers, employees and other sensitive matters. Information technology security threats, including security breaches, computer malware and other “cyber-attacks” are increasing in both frequency and sophistication. These threats could create financial liability, subject the Group to legal or regulatory sanctions or damage the Group’s reputation with customers, dealers, suppliers and other stakeholders. The Group continuously seeks to maintain a robust program of information security and controls, but the impact of a material information technology event could have a material adverse effect on the Group’s competitive position, reputation, results of operations, financial condition and cash flow.

The Group may face potential product liability claims or suffer losses due to product defects or recalls.

The Group faces an inherent business risk of exposure to product liability claims in the event that the Group’s products fail to perform to specification results or is alleged to result in property damage, bodily injury and/or death. Any such claims could damage the customer relationships and business and result in negative publicity. The Group may also be forced to, divert the administrative resources, defend lawsuits and, if unsuccessful, pay a substantial amount of damages. The Group has not obtained insurance coverage for product liability or implemented any other protection scheme. There is also no assurance that the Group will be able to recover part of the damages by claiming against the Group’s suppliers when a product defect is attributable to parts or components supplied by the suppliers.

The Group may need to recall defective products if they fail to meet requisite quality standards. A product recall could involve significant expenses and management attention, which could materially and adversely affect customers’ confidence in the quality and safety of the affected product brands and the value of the Group’s brand image, lead to decreased demand for the Group’s products and may also lead to increased scrutiny by regulatory agencies over the Group’s operations. On 25 August 2016, Weichai (Chongqing) Automotive Co., Ltd. (濰柴(重慶)汽車有限公司), a wholly-owned subsidiary of the Guarantor, announced a recall of certain Weichai Yingzhi 737 1.5L MT passenger cars that were manufactured between 13 August 2015 to 12 July 2016 because of potential quality defects of their collision sensors that are supplied by a third-party supplier. The defective products did not cause any accidents or fatalities. Weichai (Chongqing) Automotive Co., Ltd. undertook to replace such defective collision sensors of the recalled vehicles free of charge. The Group’s supplier for these defective collision sensors is responsible for all expenses in relation to such recall.

If the supplier is not able to cover the expenses incurred by the Group or to sufficiently compensate the Group for any losses incurred by it, if at all, the Group may have to bear all or a portion of the losses and expenses relating to the recall to the extent that such losses and expenses are not covered by the supplier.

There can be no assurance that the Group will not experience any further recalls, which may have a material adverse effect on customers' confidence in the quality and safety of the affected automobile brands and the Group's reputation and image, which could in turn reduce demand for its products. Any future product recalls by the Group could have a material and adverse impact on its sales and, in turn, its results of operations, financial condition and prospects.

The Group may fail to comply with present or future applicable environmental laws and regulations.

Under relevant PRC environmental laws and regulations, the construction, expansion and operation of the Group's production facilities are subject to certain environmental permits and approvals. The failure to obtain or renew such permits or approvals or to obtain or renew them in a timely manner may subject the Group to fines and penalties imposed by the PRC government and the Group may be required to suspend the use of production facilities or vacate the premises. In addition, as the Group's production processes generate solid waste, noise, wastewater and oil and other industrial wastes, the Group is also required to comply with national and local environmental regulations applicable to the Group. If the Group fails to comply with present or future applicable environmental laws or regulations, the Group may be required to pay substantial fines, suspend production or cease operations. Any failure by the Group to control the use or to restrict adequately the discharge of hazardous substances could subject the Group to potentially significant monetary damages and fines or suspensions in its business operations, which could have a material adverse effect on the Group's business and results of operations. As at the date of this Offering Circular, the Guarantor has not obtained the necessary pollutant discharge permits, which are in the process of application. In addition, there is no assurance that future changes in PRC environmental protection laws and regulations will not impose costly compliance requirements on the Group or otherwise subject the Group to future liabilities. As China is experiencing substantial issues with environmental pollution, it is likely that the national, provincial and local governmental agencies will adopt regulations setting forth stricter pollution controls and requirements. Any such regulation applicable to the manufacture of the Group's products may increase the Group's operating costs or even cause suspension of the Group's operations, which in turn could have a material and adverse effect on the Group's business, financial condition or results of operations.

In addition, global operations also require the Group to comply with the environmental laws and regulations in other countries in the world, some of which may be more stringent than those in China. Many of the applicable environmental laws and regulations are new to the Group and its management. There is no assurance that the Group would be able to comply with those laws and regulations at all times, or that it would not be adversely impacted by costs, liabilities or claims with respect to existing or subsequently acquired operations, under either present laws and regulations or those that may be adopted or imposed in the future.

Unpredictability in the adoption, implementation and enforcement of increasingly stringent emission standards by multiple jurisdictions around the world could adversely affect the business of the Group.

The Group's products are subject to extensive statutory and regulatory requirements governing emission and noise, including standards imposed by the United States Environmental Protection Agency, the European Union, state regulatory agencies and other regulatory agencies around the world. The Group has made, and will be required to continue to make, significant capital and research expenditures to comply with these emission standards. Developing products to meet numerous changing government regulatory requirements, with different implementation timelines and emission requirements across multiple markets is complicated and could result in substantial additional costs that may be difficult to recover in certain markets. In some cases, the Group may be required to develop new products to comply with new regulations, particularly those relating to air emissions. While the Group has met previous deadlines, the ability to comply with other existing and future regulatory standards will be essential for the Group to maintain the position in the markets the Group serves. The successful development and introduction of new and enhanced products in order to comply with new regulatory requirements are subject to other risks, such as delays in product development, cost over-runs and unanticipated technical and manufacturing difficulties.

In addition to these risks, the nature and timing of government implementation and enforcement of increasingly stringent emission standards in emerging markets are unpredictable and subject to change, or delays which could result in the products the Group developed or modified to comply with these standards becoming unnecessary or becoming necessary later than expected and in some cases negating the competitive advantage. This in turn can delay, diminish or eliminate the expected return on capital and research expenditures that the Group has invested in such products and may adversely affect the perceived competitive advantage in being an early, advanced developer of compliant engines.

The Group is subject to safety and health laws and regulations and the production operations entail significant risks of workplace injury or fatality.

The Group's operations are subject to various national and local laws and regulations of the PRC and other countries where it has operates, which require the Group to provide a safe and healthy production and working environment for the employees by providing them with adequate protective clothing and gear, safety education and training and having dedicated safety management personnel. In addition, operators of some of the Group's equipment must undergo special training and obtain special work permits. See "Description of the Group — Insurance". Any failure to meet and maintain such legal and regulatory standards and requirements could subject the Group to warnings from relevant governmental authorities, governmental orders to rectify such non-compliance within a specified time frame, governmental fines and legal proceedings. The Group could also be required to temporarily suspend production or permanently cease its operations in the event of significant non-compliances.

The production of engines, trucks and other automotive components presents significant risks of workplace injury or fatality despite the implementation of safety precautions, training and compliance with state and local safety and health laws and regulations. The Group has in place and intends to continuously maintain policies and procedures to minimize these risks. However, there is no assurance that the Group will not become subject to material liabilities for workplace injuries or fatalities in the future, which could interrupt its production operations and damage the Group's reputation, as well as have a material adverse effect on its business, financial condition or results of operations.

Defects in the titles of certain properties the Group owns or occupies may affect its use of these properties and have an adverse impact to its business operations.

Shaanxi Fast Gear Co., Ltd. (陝西法士特齒輪有限責任公司) (“**Fast Gear**”) has entered into a lease with its non-controlling shareholder, Shaanxi Fast Gear Automotive Transmission Co., Ltd. (陝西法士特汽車傳動集團有限責任公司) (“**Fast Group**”) with respect to two plots of land in Shaanxi Province, which are being used by Fast Gear for manufacturing operations. These two plots of land were initially allocated by the local governmental authorities to Fast Group pursuant to applicable PRC laws, which restrict leasing of the land without the approval of the relevant governmental authorities. In addition, Fast Group has not obtained the building ownership certificates with respect to part of such properties. Although Fast Group undertakes to indemnify Fast Gear against any loss or penalty it incurs arising from or in connection with the defects in the titles of the leased properties it owns, such defects may have a material adverse impact on Fast Gear’s ability to occupy and use those properties and may have an adverse impact to its business and operations. Similarly, Shanghai Heda Auto Components Co., Ltd., one of the Guarantor’s subsidiaries, is prohibited to acquire the land use rights certificates or the building ownership certificates of any properties on collectively-owned land under PRC laws because of its foreign-invested enterprise status. Notwithstanding the Shanghai Bureau of Housing and Land Administration issued Shanghai Heda Auto Components Co., Ltd. the building ownership certificates with respect to nine blocks of buildings on and the land use rights certificates for the underlying collectively-owned land, given the aforementioned restrictions, the validity of such building ownership certificates and land use right certificates must be normalized through consultation and agreement with the local government and villagers’ association. It uses these properties for the manufacturing operations and offices. Any failure to normalize the validity of the building ownership certificates and the land use rights certificates may have a material adverse impact on the ability of Shanghai Heda Auto Components Co., Ltd. to occupy and use those properties which may in turn materially and adversely affect its business and operations.

The Group’s business and growth strategy could suffer if the Group is unable to hire and retain key management personnel and key engineering staff.

The success of the Group’s business depends largely on its ability to attract and retain key management personnel and engineering staff who possess in-depth knowledge and understanding of the Group’s operations. The Group believes that its current management team and key engineering staff contribute significant experience and expertise to the Group’s operations. The continued success of the Group’s business and its ability to execute its business strategy in the future will depend in large part on the efforts of these key personnel. Competition for attracting and retaining such qualified individuals is intense. Such competition may require the Group to offer higher compensation remuneration packages and other benefits in order to attract and retain qualified professionals and this could materially and adversely affect the Group’s financial condition and results of operations. Failure to attract or retain qualified personnel could severely disrupt the Group’s business. If any key members of the Group’s management or key employees become unable or unwilling to continue to provide their services to the Group, and the Group is unable to attract or promote and retain other qualified executives or similarly qualified and experienced personnel, such staffing difficulties may have a material adverse effect on its business and weaken the Group’s prospects. For example, the Group may not be able to hire enough qualified personnel to support its new products and services to remain competitive. Furthermore, as the Group expands its business or hires new employees, the employees may take time to get accustomed to any new standard procedures and consequently may not be able to comply with the standard procedures of any new business in an accurate and timely manner. The occurrence of any of the events discussed above could result in the Group sustaining unexpected losses and the Group’s revenue and financial condition may be materially and adversely affected. If any of the senior management or other key engineering personnel of the Group joins a competing business, it could have a material adverse effect on its business and prospects.

The Group’s insurance coverage may not be sufficient to cover the risks related to the operations or any losses.

The Group may experience major accidents and business interruptions due to natural disasters, electrical outages, floods and other acts of God in the course of the operations, which may cause significant losses or damage. Any such accidents, and the consequences resulting from them, may not be covered adequately, or at all, by the insurance policies the Group carries. Although the Group carries property insurance, the Group does not carry any business interruption insurance or third-party product liability insurance for losses or damage arising from accidents relating to its operations or products. In addition, because of market conditions, premiums and deductibles for the existing insurance policies could increase substantially and, in some instances, the Group’s existing insurance may become unavailable or available only for reduced amounts of coverage. Losses and damages arising from accidents and business interruptions relating to the Group’s operations or products may have a material and adverse effect on the business, financial condition or results of operations if such losses or damages are not fully insured.

The Group’s global operations are subject to laws and regulations that impose significant compliance costs and create reputational and legal risk.

The Group operates its business in the PRC and many countries in the world, such as Germany, France, India, Thailand and the United States. As such, the Group is subject to a complex system of commercial and trade regulations around the world and needs to comply with the laws and regulations in the countries and regions where it has operations. Those systems, laws and regulations may be substantially different from those of the PRC and may be unfamiliar to the Group. Recent years have seen an increase in the development and enforcement of laws regarding trade compliance and anti-corruption in many countries. Violations of local laws and regulations may result in criminal, administrative or civil liabilities, could disrupt the Group’s business, and result in an adverse effect on the Group’s reputation, business, financial condition or results of operations. The Group cannot predict the nature, scope or effect of future regulatory requirements to which the Group’s operations might be subject or the manner in which existing laws might be administered or interpreted.

The Group has conducted business activities in certain countries that are the subject of U.S., European Union or other economic sanctions programs, which could result in negative media and investor attention and materially and adversely affect investment in the Securities.

The Group has historically conducted sales of goods and services in certain countries that are or have been the subject of various economic sanctions (including, but not limited to, United States, European Union and United Nations Security Council (“UNSC”) sanctions), including Iran, North Korea, Syria and Sudan, and/or whose populace includes persons designated as sanctions targets, including Belarus, Democratic Republic of the Congo, Iraq, Russia, Myanmar, Lebanon, Ukraine, Venezuela and Yemen (but has not, to the Group’s knowledge, provided goods or services to any designated individuals or entities located in those countries). The Group may in the future sell products to some or all of these countries. Sales in these countries represented an immaterial portion of the Group’s total sales in each of the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, and the Guarantor expects that the revenue and net profit generated from sales to the countries listed above will continue to be immaterial in the future. The Guarantor will not use the proceeds of the offering of the Securities in connection with or in furtherance of activities that directly or indirectly involve targets of various economic sanctions, including but not limited to, United States, European Union or UNSC economic sanctions.

It is possible that, as a result of activities by the Group or its affiliates related to sanctioned countries, the Guarantor or other members of the Group may be subject to negative media or investor attention, which may distract management, consume internal resources and affect investors’ perception of the Group.

The Group is subject to litigation risks.

In the ordinary course of the business of the Group, claims involving products, clients, suppliers and employees may be brought against the Group or by the Group. Claims may be brought against the Group for liabilities for defective products, personal injuries, damage to or destruction of property, breaches of warranty, termination of contracts or delayed payments to its suppliers or subcontractors. The Group may also bring claims against counterparties to preserve or enforce its contractual rights. The claims and charges may involve actual damages and contractually-agreed-upon liquidated sums. If the Group is found to be liable on any of the claims, it would have to incur a loss against earnings to the extent a reserve had not been established for the matter in its financial statements, or to the extent the claims were not sufficiently covered by the insurance coverage of the Group. Both claims brought against the Group and by the Group, if not resolved through negotiation, are often subject to lengthy and expensive litigation or arbitration proceedings. Amounts ultimately realised from project or other claims by the Group could differ materially from the balances included in the financial statements, resulting in a loss against earnings of the Group to the extent profit has already been accrued on a project or other contract. Charges and write-downs associated with claims brought against the Group have a material adverse impact on the financial condition, results of operations and cash flow of the Group. Moreover, legal proceedings resulting in judgments or findings against the Group may harm its reputation and damage its prospects for future contract awards and business.

RISKS RELATING TO THE AUTOMOTIVE AND EQUIPMENT MANUFACTURING INDUSTRY

The automotive and equipment manufacturing industry in China is dependent in large part on PRC government policies.

According to the CAAM, sales of commercial vehicles have historically been affected by various government incentives and subsidies introduced from time to time as well as by the replacement cycle of commercial vehicles. In 2010, the sales of commercial vehicles (excluding gasoline-powered vehicles) increased 29.8 per cent. over 2009 which was partly due to the PRC government's stimulus measures to counter the effects of the global financial crisis and maintain economic stability as well as the evolving emission standards for automotive vehicles which contributed to the demand for new vehicles. Thereafter, in 2011 and 2012, sales of commercial vehicles declined by 5.4 per cent. and 8.2 per cent., respectively. This was due to a variety of factors including the phasing out of government incentives for commercial vehicle purchases and a slowing pace in the implementation of infrastructure projects. In 2013, the commercial vehicles market rebounded by 6.6 per cent. mainly due to the pre-buying of commercial vehicles prior to the implementation of the China No. IV National Emission Standards nationwide on 1 July 2013. In 2014, the commercial vehicle market declined by 10.8 per cent. mainly due to a 13 per cent. decline in the truck segment. This was primarily due to the strict enforcement of the China No. IV National Emission Standards from 1 January 2015. In 2015, the sales of commercial vehicles reported a sustained drop, mainly due to the macro-economy condition and the implementation of more stringent emission regulations. In 2016, the market for commercial vehicles in the PRC rebounded mainly due to favourable factors such as the acceleration in Public Private Partnership projects and "mega infrastructure" projects, the clean-up of the hazardous chemicals market, the tightened management over the overloading and over measurement of trucks and the implementation of the China No. V National Emission Standards.

In recent years, the policies of the PRC government have encouraged energy conservation and emissions reduction. China's 12th Five-Year Plan, which was officially adopted in 2011, targets a 16 per cent. and 17 per cent. reduction in energy use and carbon dioxide emissions respectively per unit of economic output by 2015. Out of seven strategic investment areas identified under the 12th Five-Year Plan, three relate to energy, namely clean energy, energy conservation and clean energy vehicles. On 16 June 2012, in an effort to strengthen the country's energy saving and emission reduction efforts, the PRC government issued the 12th Five-Year Development Plan for the Energy Saving and Environmental Protection Industry (the "**Energy Plan**"). While the Energy Plan recognised that China's energy saving and environmental protection industry has grown rapidly and is expected to continue to do so through

2015, it also acknowledged that the scale and strength of the industry is not sufficient to meet the needs of the nation's economic and social development. On 11 August 2013, the PRC government released a guideline titled "Opinions of the State Council on Accelerating the Development of Energy-Saving and Environmental Protection Industries" (國務院關於加快節能環保產業的意見). According to the guideline, the government plans to upgrade the environmental sector to a key industry by 2015 and the sector is expected to grow at the rate of 15 per cent. annually. The government announced that it would fund through investments, tax breaks and direct subsidies, environmental protection industries across a range of technologies addressing air, water and soil pollution including energy saving products, electrical vehicles and pollution monitoring. On 19 November 2014, the State Council unveiled a new Energy Development Strategy Action Plan (2014–2020) focusing on the development of renewables and limiting its primary energy consumption growth rate to 3.5 per cent. per year until 2020. Premier Li Keqiang in his 2015 annual policy report acknowledged the concern over environmental pollution and stated that the PRC government would implement an action plan to conserve energy, reduce emissions and improve the environment such as promoting the use of new-energy vehicles, improving the quality of fuel and prohibiting the use of commercial vehicles registered prior to the end of 2005. China's 13th Five-Year Plan, which was officially adopted in 2016, targets an 18.4 per cent. and 18 per cent. reduction in energy use and carbon dioxide emissions respectively per unit of economic output by 2020. Although a series of policy measures have been formulated to create a sustainable environment for the rapid growth of the energy saving and environmental protection industry, there is no assurance that these measures will be successful. There is no assurance that the PRC government will not change its policies in the future to de-emphasize the use of diesel engines and encourage increased use of cleaner energy alternatives, and any such change will adversely affect the Group's business, prospectus, financial condition or results of operations.

Market demand for automotive and equipment products may be affected by a slowdown in the growth of the PRC automotive, engine and traditional construction machinery industries.

There is a direct correlation between the Group's business and the heavy-duty truck, engine and traditional construction machinery production and sales volumes in China, which are in turn dependent on economic policies and market sentiment. Any significant reduction in heavy-duty truck, engine and traditional construction machinery production and sales in the PRC could have a material and adverse effect on the Group's business.

In 2016, the heavy-duty truck industry in the PRC realised substantial growth under the influence of a multitude of factors including the implementation of the Guobiao GB1589-2016 standard and the new anti-overloading policies, fostering of Public Private Partnership projects and acceleration of infrastructural investments. According to the CAAM, the total sales volume of heavy-duty trucks in the PRC was approximately 733,000 units in 2016, representing year-on-year increase of 33.1 per cent. The Group's reported sales of approximately 198,000 units of heavy-duty truck engines (including Weichai Medium) in 2016, representing a year-on-year increase of 55.3 per cent., and sales of approximately 82,000 units of heavy-duty trucks in 2016, representing a year-on-year increase of 46.9 per cent., and sales of approximately 501,000 units of gear boxes, representing a year-on year increase of 23.2 per cent.

In 2016, the construction machinery industry rebounded from its trough and the trend of recovery was apparent. According to the National Bureau of Statistics of the PRC, fixed-asset investments in the PRC (excluding agricultural households) amounted to RMB59.7 trillion in 2016, representing year-on-year growth of 8.1 per cent., as compared to year-on-year growth of 10.0 per cent. in 2015. The total planned investments for newly-commenced construction projects were RMB49.3 trillion, representing year-on year growth of 20.9 per cent., as compared to year-on-year growth of 5.5 per cent. in 2015. Investments in property development were RMB10.3 trillion, representing year-on-year growth of 6.9 per cent., as compared to year-on-year growth of 1.0 per cent. in 2015. Accordingly, the construction machinery market in the PRC reported sales of approximately 399,000 units in 2016, representing a year-on-year growth of 8.5 per cent., and the sales volume of wheel loaders with a load capacity of five tonnes was approximately 42,000 units, representing a year on- year increase of 0.04 per cent., according to the CCMA. Accordingly, the Group sold a total of approximately 32,000 units of engines for wheel loaders with a load capacity of five tonnes in 2016, representing a year-on-year decrease of 19.4 per cent.

In the Group's passenger vehicle engine business, the performance of both long-distance passenger transport and tourism passenger transport markets was unsatisfactory due to the substitution effect of other means of transportation such as national express rail. In 2016, the passenger vehicle market as a whole remained gloomy, except for the medium-sized passenger vehicle market, which benefited from the policies on national subsidy of new energy. The sales volume of passenger vehicle market for the year was approximately 543,000 units (including incomplete passenger vehicles), representing a year-on-year decrease of approximately 8.8 per cent. The Group sold approximately 22,000 units of engines for use in large and medium sized passenger vehicles (including Weichai Medium) in 2016, representing a year-on-year increase of 5.8 per cent.

In 2016, forklift truck and supply chain solutions industry recorded strong growth as a result of the rapid development of electronic commerce and corporate intralogistics and the rise in domestic demand and good performance of the employment market in the United States in the second half of the year. Global sales orders for forklift trucks increased from approximately 1.102 million units in 2015 to approximately 1.185 million units in 2016, representing a year-on-year growth of approximately 7.5 per cent., according to World Industrial Truck Statistics. In particular, Eastern European and Western European markets achieved more outstanding performance, both recording double-digit growth compared with corresponding period of 2015, increasing by 19.0 per cent. and 11.8 per cent., respectively, according to European Federation of Materials Handling.

In addition, the Group believes there has been excess capacity in the automotive and equipment manufacturing industry from time to time due to fluctuations in market demand. The stimulus measures announced by the PRC government in 2009 to counter the effects of the global financial crisis and maintain economic stability led to significantly increased demand for commercial vehicles and construction machinery in the PRC in 2010, which the Group believes led its competitors to invest in significant capacity expansion. These investments significantly increased the overall capacity in the industry in 2012. The market for commercial vehicles in the PRC softened in 2011 and this continued into 2012 due to a variety of factors including the phasing out of government incentives for car purchases, the introduction of policies to restrict automotive growth in Beijing and other major cities to curb emissions and ease traffic congestion and a slowdown in China's economy. The market rebounded in 2013 mainly due to the pre-buying of commercial vehicles prior to the implementation of the China No. IV National Emission Standards nationwide on 1 July 2013. In 2014, the commercial vehicle market declined by 10.8 per cent. mainly due to a 13.0 per cent. decline in the truck segment according to the statistics of the CAAM. This was primarily due to the strict enforcement of the China No. IV National Emission Standards from 1 January 2015. In 2015, the sales of commercial vehicles reported a sustained drop, mainly due to the macro-economy condition and the implementation of more stringent emission regulations. In 2016, the market for commercial vehicles in the PRC rebounded mainly due to favourable factors such as the acceleration in Public Private Partnership projects and "mega infrastructure" projects, the clean-up of the hazardous chemicals market, the tightened management over the overloading and over measurement of trucks and the implementation of the China No. V National Emission Standards. Any excess capacity or decrease in demand in the industry in the future could lead to a decrease in prices in the market. Furthermore, if restrictions and tariffs on the import of motor vehicles and motor vehicle parts into the PRC are reduced, there may be a further increase in market supply of diesel engines which may in turn intensify the competition over pricing of diesel engine products.

There have been intensified anti-trust law enforcement activities in the PRC's automobile industry, and if the Group be subject to such enforcement actions, the Group's reputation may be damaged and results of operations may be materially and adversely affected.

China's Anti-Monopoly Law (《中華人民共和國反壟斷法》) (the "AML") went into effect in 2008. Of the three government agencies mandated with the enforcement of the AML, the National Development and Reform Commission (國家發展和改革委員會) (the "NDRC") is in charge of monopolistic agreements (particularly price-fixing), the State Administration For Industry & Commerce (國家工商行政管理總局) (the "SAIC") is in charge of abuse of dominance, and the Ministry of Commerce (商務部) (the "MOFCOM") is in charge of merger reviews. The PRC government has intensified the enforcement

of the AML in recent years, which has affected a diverse range of sectors, such as pharmaceutical, premium liquor, infant formula, information technology and telecommunication. Certain high-profile investigations have targeted foreign multinational companies and PRC domestic companies, and have resulted in fines in the amount of hundreds of millions of Renminbi. More recently, there have been press reports that certain foreign automobile manufacturers and their respective dealership networks have been investigated by the NDRC for alleged price-fixing practices and possibly other pricing-related wrongdoings in China, and the impact and implications of these investigations have yet to be fully known or assessed. It has also been reported in the media that in anticipation of, or in response to, potential or pending investigations, certain foreign automobile manufacturers have reduced the prices of their passenger vehicles or automobile parts and components sold in China. These and other price reductions as a result of AML enforcement actions or otherwise may cause a general downward pricing pressure in the market, which may in turn negatively affect the profitability of, or otherwise have a material and adverse effect on, automobile companies, including the Group. In addition, there is no assurance that the Group will not be subject to the scrutiny of, or implicated in, any AML enforcement actions in the future. If the Group is subject to any investigation or enforcement actions, the Group's reputation may be damaged and the Group's results of operations may be materially and adversely affected.

The Group operates in a competitive industry and faces intense competition from its competitors.

The Group faces intense competition from both domestic and foreign competitors and there is no assurance that the Group will be able to effectively compete with them. To the extent that the Group's competitors, whether domestic or foreign, gain a competitive advantage in terms of pricing, product quality, brand name recognition and financial and technical resources, the market share and profitability of the Group may be adversely affected. Additionally, new technologies continue to be developed for gasoline, natural gas and other technologies and the Group will continue to face new competition from these expanding technologies. In recent years, particularly, the social awareness of environmental protection increases and more stringent laws and regulations are promulgated to reduce emissions and increase energy efficiency. These developments have resulted in an increase in the investment and development of new energy and related technologies by automobile and auto parts manufacturers. The ability to compete depends on the Group's ability to offer sufficient quantities of high quality products that are suitable for its customers at a more competitive proposition than that of domestic and foreign competitors. In addition, the Group's competitiveness depends on the Group's ability to maintain its track record of timely deliveries and superior customer service. The failure to compete effectively could materially and adversely affect the Group's business, financial condition, results of operations and market position.

The Group primarily competes in the market with automotive and equipment manufacturing related products. The Group's products primarily compete on the basis of price, performance, fuel economy, speed of delivery, quality and customer support. The Group also faces competitors in some emerging markets who have established local practices and long standing relationships with participants in these markets. There is no assurance that the Group's products will be able to compete successfully with the products of other companies and in other markets.

The rapid development trend of automobiles may create pressure on the Group's production facilities and affect the Group's business.

Rapid technological development with respect to automobiles may pose challenges to the Group's existing production equipment. For example, the Group may have to modify its production lines to cater for the development of electric vehicles that require different automotive engines from those applied in traditional vehicles. If there is further development of electric vehicles or other technological developments in the automotive and equipment manufacturing industry in the future that require different automotive engines and the Group cannot timely adjust its production facilities and operations accordingly, the Group's business prospects, financial condition or results of operations could be materially and adversely affected.

Compliance with the new fuel economy standards may increase the Group's research and production costs.

The PRC government has on several occasions indicated its intention to encourage the development of vehicles with better fuel economy and efficiency since it adopted the fuel economy standards for passenger vehicles in 2004. To gain a competitive advantage, the Group has incurred costs to implement a number of enhancement processes to increase the products' fuel economy standards. The PRC government may extend the fuel economy standards currently designed for passenger vehicles to other vehicles, such as the Group's heavy-duty trucks. The Group may have to incur substantial additional costs to modify its product design and manufacturing process to comply with any new standards that may become applicable to its products. Unexpected delays in the Group's implementation of any government-sanctioned new standards may disrupt the Group's operations and delay its new product rollouts and therefore adversely affect the Group's business, results of operations and prospects. Moreover, there is no assurance that the PRC government will not formulate more stringent standards or otherwise take actions that would require the Group to incur additional research, engineering and tooling costs to remain compliant. In addition, the growing consumer consciousness of fuel economy has added, and will continue to add, pressure on vehicle manufacturers to research, develop and engineer automobiles with better fuel efficiency. Such market demand and pressure will result in more competition in the design and engineering of heavy-duty truck products, including the quality of engines that power heavy-duty trucks.

RISKS RELATING TO THE PRC

The slowdown of the PRC's economy caused in part by the challenging global economic conditions may adversely affect the Group.

A substantial part of the Group's revenue is derived from engine and heavy-duty truck sales in China. The Group relies, to a significant degree, on domestic demand for engines and heavy-duty trucks to achieve revenue growth. Domestic demand for engines and heavy-duty trucks is materially affected by industrial development, growth of private consumption and overall economic growth in China. The global crisis in financial services and credit markets in 2008 caused a slowdown in the growth of the global economy, including the PRC. In 2014, the PRC government adopted intensive reforms with the primary aim of restructuring and rebalancing the PRC economy towards a more sustainable model by focusing more on domestic consumption and away from investment and export fuelled growth. As a consequence of these reforms and of instability in the international economic recovery, the PRC reported a gross domestic product of RMB63.65 trillion in 2014, representing year-on-year growth of 7.4 per cent., which was a record-low figure for the past 24 years. According to the National Statistics Bureau of the PRC, the annual growth rate of China's GDP in 2015 slowed down to 6.9 per cent. on a year-on-year basis compared to 7.3 per cent. in 2014, and it further decreased to 6.7 per cent. in 2016 on a year-on-year basis, representing the slowest growth in the past 20 years.

The future performance of China's economy is not only affected by the economic and monetary policies of the Chinese government, but it is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world, such as the United States and the European Union. For example, Donald Trump's "America First" policy raised expectations of the growth of the American economy, but also brought immense uncertainty to the global economic recovery. On June 23, 2016, the United Kingdom voted in a national referendum to withdraw from the European Union. The result of the referendum does not legally obligate the United Kingdom to exit the European Union, and it is unclear if or when the United Kingdom will formally serve notice to the European Council of its desire to withdraw. There is substantial uncertainty relating to the implementation of the United Kingdom's exit or its impact on the economic conditions of other part of the world, such as China's, including but not limited to further decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies) and a possible economic recession involving more countries and areas. Therefore, there exists continued uncertainty for the overall prospects for the global and the PRC economy this year and beyond.

Any slowdown of the PRC economy may create a credit tightening environment, increase the Group's interest expense, or reduce domestic demand for engines and heavy-duty trucks, and may materially and adversely affect the Group's business, financial condition or results of operations.

PRC economic, political and social conditions as well as government policies could adversely affect the Group's business.

The PRC economy differs from the economies of most developed countries in many respects, including with respect to government involvement, level of development, economic growth rate, control of foreign exchange, and allocation of resources. The PRC economy has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC government has implemented measures emphasizing market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises.

However, a large portion of productive assets in the PRC remain owned by the PRC government. The PRC government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there is no assurance that the PRC government will continue to pursue the economic reforms or that any such reforms will not have an adverse effect on the Group's business.

The Group's operations and financial results could also be affected by changes in political, economic and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof). In addition, the growth of engine and heavy-duty truck demand in the PRC depends heavily on economic growth. If the PRC's economic growth slows down or if the PRC economy experiences a recession, the growth of engine and heavy-duty truck demand may also slow down or stop, and the Group's business prospects may be materially and adversely affected. The Group's operations and financial results, as well as its ability to satisfy its obligations under the Securities, could also be materially and adversely affected by changes to or introduction of measures to control inflation, changes in the rate or method of taxation, the imposition of additional restrictions on currency conversion and the imposition of additional import restrictions.

Turmoil in the financial markets could increase the Group's cost of borrowing and impede access to or increase the cost of financing its operations and investments.

The availability of credit to entities operating within emerging markets, including the Group, is significantly influenced by levels of investor confidence in such markets as a whole. Any factors that may affect market confidence could affect the costs or availability of funding for entities within emerging markets. Historically, challenging market conditions in emerging markets have resulted in reduced liquidity, widening of credit spreads, lack of price transparency in credit markets, a reduction in available financing and a tightening of credit terms.

In 2015, PRC stock markets have experienced significant turmoil and disruption. Throughout June and early July of 2015, the Shanghai Composite Index experienced significant declines and many PRC-listed companies were subject to trading suspensions. The PRC government immediately responded by cutting interest rates, suspending initial public offerings and starting investigations into market manipulation in an effort to stabilize the market.

As the Guarantor is dual listed in the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, the turmoil in these financial markets could cause substantial adverse effects on its business operations and investments. Additionally, the Group is exposed to equity investment price risk arising from individual equity investments classified as available-for-sale financial assets. See note V.12 to the Guarantor's audited consolidated financial statement for the year ended 31 December 2016, which are included elsewhere in this Offering Circular. The Group held listed equity investments that are listed on the Shanghai Stock Exchange and are valued at quoted market prices at the balance sheet date. The changes in fair values of available-for-sale financial assets might also affect the Group's financial condition or results of operations.

Interpretation and implementation of PRC laws and regulations involves significant uncertainties.

Many of the Group's subsidiaries are incorporated and exist under the laws of the PRC. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, the PRC government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, as these laws and regulations are relatively new, and due to the limited volume of published cases and judicial interpretation and their lack of precedential force, interpretation and enforcement of these laws and regulations involve significant uncertainties. As the PRC legal system develops, there is no assurance that changes in such laws and regulations, or in their interpretation or enforcement, will not have a material adverse effect on the PRC engine and heavy-duty truck industry or on the Group's business operations.

Furthermore, the administration of PRC laws and regulations may be subject to a certain degree of discretion by the executive authorities. This has resulted in the outcome of dispute resolutions not being as consistent or predictable compared to more developed jurisdictions. In addition, it may be difficult to obtain a swift and equitable enforcement of laws in China, or the recognition or enforcement of judgments by a court of another jurisdiction. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group in its operations and to holders of the Securities.

China's inflation may affect the prices of energy and various materials used for the production of the Group's products.

Economic growth in the PRC has historically been accompanied by periods of high inflation. The PRC government has implemented various policies from time to time to control inflation. The PRC government has periodically introduced measures in certain sectors to avoid overheating of the economy, including tighter bank lending policies and increases in bank interest rates, which has resulted in a decrease in the rate of inflation. The global economic crisis resulted in a slowing of the rate of inflation in January 2009 and thereafter into negative territory until November and December 2009 according to the National Bureau of Statistics of the PRC. In 2011, the annual inflation rate was 5.4 per cent., leading to the PRC government raising lending interest rates and the reserve requirements for banks six times in 2011 to counter accelerating inflation. According to the National Bureau of Statistics of the PRC, the annual inflation rate for 2012 and 2013 fell to 2.6 per cent. as a result of the slowing economy and the annual inflation rate weakened further to 2 per cent. in 2014, below the 3.5 per cent. target set by the PRC government. China's central bank, in its quarterly monetary policy report issued on 10 February 2015, noted that inflation figures had dropped to its lowest level in more than five years and that it would continue with its prudent monetary policy to ensure continuity and stability as the economy undergoes structural adjustments to its economic model. In 2015, the annual inflation rate further fell to 1.4 per cent., below the respective 3.3 per cent. target set by the PRC government. Recently, concerns have arisen over deflationary pressures in China as a result of weak domestic demand. A prolonged period of deflation may result in falling profits, closure of businesses, shrinking employment and incomes and increasing defaults on loans by companies and individuals, any of which could adversely affect the Group's business, financial condition or results of operations.

Any force majeure events, including the outbreak, or threatened outbreak, of any severe communicable disease in China, could materially and adversely affect the Group's business and results of operations.

Any force majeure events, including the outbreak, or threatened outbreak, of any severe communicable disease (such as Ebola virus disease, atypical pneumonia or avian influenza) in Hong Kong or the PRC, could materially and adversely affect the overall business sentiment and environment in China, particularly if such outbreak is inadequately controlled. This, in turn, could materially and adversely affect domestic consumption, labour supply and, possibly, the overall gross domestic product

growth of the PRC. The Group's revenue is currently derived mainly from its PRC operations, and any labour shortages on contraction or slowdown in the growth of domestic consumption in the PRC could materially and adversely affect the Group's business, financial condition or results of operations. In addition, if any of the Group's employees are affected by any severe communicable disease, it could adversely affect or disrupt production levels and operations at the relevant plants and materially and adversely affect the Group's business, financial condition or results of operations, which may also involve a closure of the Group's facilities to prevent the spread of the disease. The spread of any severe communicable disease in the PRC may also affect the operations of the Group's customers and suppliers, which could materially and adversely affect the Group's business, financial condition or results of operations.

RISKS RELATING TO THE SECURITIES AND THE GUARANTEE

The Issuer has limited assets and depends on the cash flow provided by other members of the Group to meet its obligations under the Securities.

The Issuer is incorporated as a major offshore financing platform of the Group, with no independent business operations and no significant assets. The Group conducts its operations primarily through its PRC and overseas subsidiaries, which will not provide guarantees for the Securities. The Issuer's ability to pay principal or Distribution on the Securities will depend upon its receipt of cash provided by other members of the Group in the form of an inter-company loan and/or advance or capital injection by the Guarantor. The borrowing subsidiaries and the Guarantor may not have material operations or assets, and therefore depend upon the receipt of sufficient funds from their subsidiaries or other members in our Group to meet their obligations.

The Guarantor has its own operations and assets but also relies on dividend payments from its subsidiaries other than the Issuer.

The Guarantor has its own operations and assets which generate income. However, its ability to make payments in respect of the Guarantees also depends to a large extent upon the receipt of dividends, distributions, interest or advances from its subsidiaries other than the Issuer, associated companies and jointly controlled entities. The ability of such subsidiaries, associated companies and jointly controlled entities to pay dividends and other amounts to the Guarantor may be subject to their profitability and to applicable laws and restrictions on the payment of dividends and other amounts contained in financing or other agreements. For example, PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign-invested enterprises to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends. In addition, restrictive covenants in bank credit facilities or other agreements that the Guarantor or its subsidiaries may enter into in the future may also restrict the ability of the subsidiaries to provide capital or declare dividends to the Guarantor and its ability to receive distributions. Therefore, the Guarantor's ability to satisfy its obligations under the Guarantees may be impacted.

The Securities do not contain restrictive operating covenants.

The Trust Deed of the Securities will contain various covenants intended to benefit the holders of the Securities that limit the ability of the Issuer or the Guarantor to, among other things, incur liens on Relevant Indebtedness (as defined in the Terms and Conditions of the Securities) or consolidate with or merge into another person. The Trust Deed, however, does not contain restrictions on payments under senior indebtedness. In addition, the Trust Deed do not contain any other covenants or provisions designed to afford the holders of the Securities protection in the event of a highly leveraged transaction involving the Issuer or the Guarantor that could adversely affect such holders. Subject to the terms of the existing debt and credit facilities of the Issuer and the Guarantor, the Issuer and the Guarantor may incur substantial additional indebtedness in the future.

The Securities are unsecured obligations.

The Securities are unsecured obligations of the Issuer and the Guarantor, respectively. The payment obligations under the Securities may be adversely affected if:

- the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's or the Guarantor's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's or the Guarantor's indebtedness.

If any of these events were to occur, the Issuer's or the Guarantor's assets may not be sufficient to pay amounts due on the Securities.

The Securities are perpetual securities and investors have no right to require redemption.

The Securities are perpetual and have no maturity date. The Issuer is under no obligation to redeem the Securities at any time and the Securities can only be disposed of by sale. Holders of Securities who wish to sell their Securities may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Securities.

Holders of Securities may not receive Distribution payments if the Issuer elects to defer Distribution payments under the Terms and Conditions of the Securities.

The Issuer may, at its sole discretion elect to defer any scheduled Distribution on the Securities for any period of time. The Issuer is not subject to any limits as to the number of times Distributions can be deferred pursuant to the Terms and Conditions of the Securities, notwithstanding any increase in the Distribution Rate which may be provided for under the Terms and Conditions of the Securities. Although, following a deferral, Arrears of Distributions are cumulative, subject to the Terms and Conditions of the Securities, the Issuer may defer their payment for an indefinite period of time by delivering the relevant deferral notices to the holders of Securities. Any such deferral of Distribution shall not constitute a default for any purpose.

Any deferral of Distributions will likely have an adverse effect on the market price of the Securities. In addition, as a result of the Distribution deferral provision of the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Group's financial condition.

The Securities may be redeemed at the Issuer's option on the First Call Date and on every Distribution Payment Date thereafter or upon the occurrence of certain other events.

The Securities are redeemable at the option of the Issuer on the First Call Date and on every Distribution Payment Date thereafter at their principal amount, together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount). In addition, the Issuer also has the right to redeem the Securities upon the occurrence of (i) a Gross-up Event, (ii) an Accounting Event, (iii) a Change of Control Triggering Event, (iv) a Breach of Covenants Event, (v) an Indebtedness Default Event or (vi) a SAFE Non-Compliance Event. The Securities may also be redeemed at the option of the Issuer if prior to the date fixed for redemption at least 80 per cent. in principal amount of the Securities originally issued has already been cancelled. The date on which the Issuer elects to redeem the Securities may not accord with the preference of individual holders of Securities. This may be disadvantageous to the holders of Securities in light of market conditions or the individual circumstances of the holders of Securities. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Securities.

There are limited remedies for non-payment under the Securities.

Any scheduled Distribution will not be due if the Issuer elects to defer that Distribution pursuant to the Terms and Conditions of the Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment has become due and the Issuer fails to make the payment when due. The only remedy against the Issuer available to any holder of Securities for recovery of amounts in respect of the Securities following the occurrence of a payment default after any sum becomes due in respect of the Securities will be instituting winding-up proceedings and/or proving and/or claiming in winding-up proceedings in respect of any of the Issuer's payment obligations arising from the Securities. Furthermore, no holder of Securities are entitled to proceed directly against the Issuer or the Guarantor or to institute proceedings for the winding-up of the Issuer or the Guarantor unless the Trustee, having become so bound to proceed, fails to do so within a reasonable period and such failure is continuing.

The Securities confer holders of Securities with limited rights upon the occurrence of a Change of Control Triggering Event, Breach of Covenants Event, an Indebtedness Default Event or a SAFE Non-Compliance Event.

The Securities confer holders of Securities with limited rights upon the occurrence of a Change of Control Triggering Event, Breach of Covenants Event, an Indebtedness Default Event or a SAFE Non-Compliance Event. The Issuer may, at any time, on giving irrevocable notice to the Trustee, the Agents and holders of Securities, redeem in whole, but not in part, the Securities if any of such events occurs. The Issuer is, however, not obliged to redeem the Securities upon the occurrence of any of such events under the Securities. If the Issuer elects not to redeem the Securities upon the occurrence of a Change of Control Event, a Breach of Covenants Event or an Indebtedness Event, the Distribution Rate will increase by a certain percentage per annum pursuant to Condition 4(e) of the Terms and Conditions of the Securities.

The Distribution Rate will be reset on the First Call Date and each Reset Date, which may affect the market value of the Securities.

The Distribution Rate applicable to the Securities will initially be 3.75 per cent. per annum from, and including, the Issue Date to, but excluding, the First Call Date. However, the Distribution Rate will be reset on the First Call Date and every Reset Date as described in Condition 4(b) of the Terms and Conditions of the Securities such that the applicable reset Distribution Rate will be equal to the sum of (a) the initial spread of 2.084 per cent., (b) the Treasury Rate (as defined in the Terms and Conditions of the Securities) and (c) a margin of 4.00 per cent. per annum. As a result, the applicable Distribution Rate following any Reset Date could be less than the Distribution Rate that applies immediately prior to such Reset Date, which could affect the amount of any Distribution payments under the Securities and therefore the market value of an investment in the Securities.

The Issuer may be treated as a PRC resident enterprise for PRC tax purposes, which will result in it being subject to PRC enterprise income tax on its worldwide income and holders of Securities being subject to PRC taxes on Distributions (including Arrears of Distribution) and gains from the sale of Securities.

Under the PRC Enterprise Income Tax Law (the "EIT Law"), which became effective on January 1, 2008, enterprises organized under the laws of jurisdictions outside the PRC with their "de facto management bodies" located within the PRC are deemed to be "resident enterprises for PRC tax purposes," and are therefore subject to PRC enterprise income tax at the rate of 25 per cent. in respect of their income sourced from both within and outside China. The implementing regulation of the EIT Law defines the term "de facto management body" as a management body that exercises substantial and overall control and management over the production and operations, personnel, accounting and properties of an enterprise. In addition, the Notice on Issues Concerning the Determination of Chinese-controlled Enterprises Incorporated Overseas as Resident Enterprises on the Basis of Their De

Facto Management Bodies issued by the SAT on April 22, 2009 provides that a foreign enterprise controlled by a PRC company or a PRC company group would be classified as a “resident enterprise” with a “de facto management body” located within the PRC if all of the following requirements are satisfied: (i) the senior management and core management departments in charge of daily operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders’ meetings are located or kept within the PRC; and (iv) at least half of the enterprise’s directors with voting rights, or senior management, reside within the PRC. Pursuant to a circular issued by the SAT which became effective on September 1, 2011 and relevant rules, a foreign enterprise controlled by a PRC company or a PRC company group shall be deemed a “resident enterprise” by the final decision of the provincial or local tax authorities through the application of the foreign enterprise or the investigation of the relevant tax authorities.

Although, as at the date of this Offering Circular, the Issuer has not been notified that it is considered as a PRC resident enterprise, there can be no assurance that the Issuer will not be treated as a “resident enterprise” under the EIT Law, any aforesaid circulars or any amended regulations in the future. If the Issuer is treated as a PRC resident enterprise for PRC enterprise income tax purposes, among other things, it would be subject to the PRC enterprise income tax at the rate of 25 per cent. on its worldwide taxable income. Furthermore, if the Issuer is treated as a PRC resident enterprise, payments of Distributions (including Arrears of Distribution) by the Issuer may be regarded as derived from sources within the PRC and therefore the Issuer may be obligated to withhold PRC income tax at 10 per cent. on payments of Distributions (including Arrears of Distribution) on the Securities to non-PRC resident enterprise investors. In the case of non-PRC resident individual investors, the tax may be withheld at a rate of 20 per cent. In addition, if the Issuer is treated as a PRC resident enterprise, any gain realized on the transfer of the Securities by non-PRC resident investors may be regarded as derived from sources within the PRC and accordingly may be subject to a 10 per cent. PRC income tax in the case of non-PRC resident enterprises or 20 per cent. in the case of non-PRC resident individuals. The PRC tax on Distributions (including Arrears of Distribution) or gains may be reduced or exempted under applicable tax treaties between the PRC and the home country of a holder of Securities. For example, according to an arrangement between the PRC and Hong Kong for the avoidance of double taxation, holders of Securities who are Hong Kong residents, including both enterprise holders and individual holders, may be exempted from PRC income tax on capital gains derived from a sale or exchange of the Securities. In addition, if the Issuer is treated as a PRC resident enterprise, it is uncertain whether payments of Distributions (including Arrears of Distribution) might be subject to PRC value-added tax (“VAT”), currently at a rate of 6.72 per cent. (including local levies).

As the Guarantor is a PRC enterprise, payments in respect of the Securities will be subject to PRC withholding tax at a rate of 10 per cent. in the case of payments to non-PRC resident enterprises or 20 per cent. in the case of payments to non-PRC resident individuals. These rates may be reduced by an applicable tax treaty. It is unclear whether payments by the Guarantor might be subject to PRC VAT.

If the Issuer (or the Guarantor, as the case may be) is required to withhold PRC tax from payments of Distributions (including Arrears of Distribution) on the Securities, the Issuer (or the Guarantor, as the case may be) may be required, subject to certain exceptions, to pay such additional amounts as will result in receipt by the holders of the Securities of such amounts as would have been received had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Securities and could have an adverse effect on our financial condition. If the Issuer is deemed to be a PRC resident enterprise (or the Guarantor makes payments under the Guarantee) and is required to withhold PRC enterprise income tax at a rate in excess of 10 per cent. or PRC VAT at a rate in excess of 6.72 per cent. (including local levies), the Issuer will have the option to redeem the Securities prior to their maturity, and a holder may not be able to reinvest the redemption proceeds in comparable securities at the same rate of return of the Securities.

The Securities may not be a suitable investment for all investors.

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where the currency for principal or interest or Distribution payments is different from the potential investor's home currency;
- understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities unless it has the expertise (either alone or with a financial advisor) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Credit ratings may not reflect all risks.

The Securities are expected to be assigned a rating of "BBB-" by S&P and "BBB" by Fitch. The Guarantor is rated "BBB" with a "stable" outlook by S&P and "BBB+" with a "stable" outlook by Fitch. The sovereign rating of the PRC is "A1" with a "stable" outlook by Moody's, "AA-" with a "negative" outlook by S&P and "A+" with a "stable" outlook by Fitch. The ratings represent opinions of the rating agencies and their assessment of the ability of the Issuer and the Guarantor to perform their respective obligations under the Securities and the Guarantees and credit risks in determining the likelihood that payments will be made when due under the Securities. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Any downgrading of the Guarantor’s corporate ratings, those of its subsidiaries or the sovereign ratings of the PRC by rating agencies could adversely affect the Group’s business and the Group’s liquidity.

The Guarantor is rated “BBB” with a “stable” outlook by S&P and “BBB+” with a “stable” outlook by Fitch. The sovereign rating of the PRC is “A1” with a “stable” outlook by Moody’s, “AA-” with a “negative” outlook by S&P and “A+” with a “stable” outlook by Fitch. Any adverse revision to the Guarantor’s corporate ratings, those of its subsidiaries, for domestic and international debt or the sovereign ratings of the PRC by rating agencies such as Moody’s, S&P and Fitch may adversely affect the Group’s business, its financial performance and the trading price of the Securities. For example, Moody’s downgraded the sovereign rating of the PRC to A1 with stable outlook on 24 May 2017. Further, the Group’s ability to obtain financing or to access to capital markets may also be limited, thereby lowering its liquidity.

Change of law may affect the Conditions of the Securities.

The conditions of the Securities are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

The Issuer will follow the applicable corporate disclosure standards for debt securities listed on the Singapore Exchange Securities Trading Limited, which standards may be different from those applicable to companies in certain other countries.

The Issuer will be subject to reporting obligations in respect of the Securities to be listed on the Singapore Exchange Securities Trading Limited. The disclosure standards imposed by the Singapore Exchange Securities Trading Limited may be different from those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to what investors in the Securities are accustomed to.

If the Guarantor fails to complete the SAFE registration in connection with the Guarantees within the time period prescribed by SAFE, there may be logistical hurdles for cross-border payments under the Guarantees.

Pursuant to the Deed of Guarantee executed by the Guarantor, the Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Securities. The Guarantor is required to submit the Deed of Guarantee to the local SAFE for registration in accordance with the Cross-border Security Registration as soon as possible and in any event before the date 15 Registration Business Days (as defined in the “Terms and Conditions of the Securities”) after the execution of the Guarantees. Although the non-registration does not render the Guarantees ineffective or invalid under PRC law, SAFE may impose penalties on the Guarantor if registration is not carried out within the stipulated time frame. The Guarantor intends to register the Deed of Guarantee as soon as practicable and in any event on or prior to the Registration Deadline (being 90 Registration Business Days after the Original Issue Date). In addition, if the Guarantor fails to complete the SAFE registration, there may be logistical hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Guarantor under the Guarantees) as domestic banks may require evidence of SAFE registration in connection with the Deed of Guarantee in order to effect such remittance, although this does not affect the validity of the Guarantees themselves.

The insolvency laws of Hong Kong, the PRC and other local insolvency laws may differ from the laws of jurisdictions with which holders of the Securities are familiar.

The Issuer is incorporated under the laws of Hong Kong. Therefore, an insolvency proceeding relating to the Issuer would likely involve the insolvency laws of Hong Kong, which may have different procedural and substantive provisions from the United States federal bankruptcy law. In addition, the Guarantor is incorporated under the laws of the PRC. The insolvency laws of the PRC may also differ from the laws of other jurisdictions with which the holders of the Securities are familiar.

We conduct substantially all of our business operations through subsidiaries incorporated in the PRC or other local jurisdictions. We are therefore subject to the bankruptcy and insolvency laws of the PRC and such other local jurisdictions in a bankruptcy or insolvency proceeding involving our PRC or other subsidiaries. The laws and regulations of the PRC and other local jurisdictions relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of jurisdictions with which the holders of the Securities are familiar. You should analyse the risks and uncertainties carefully before you invest in our Securities.

A trading market for the Securities may not develop, and there are restrictions on resales of the Securities.

The Securities are a new issue of securities for which there is currently no trading market. Approval in-principle has been received from the Singapore Exchange Securities Trading Limited for the listing and quotation of the Securities on the Singapore Exchange Securities Trading Limited. The Issuer cannot assure investors as to the liquidity of the Securities, that an active trading market will develop, or that the Issuer will be able to maintain a listing of each series of the Securities on the Singapore Exchange Securities Trading Limited. If such a market were to develop, the Securities could trade at prices that may be higher or lower than the initial price depending on many factors, including prevailing interest rates, our operating and financial results and the market for similar securities. None of the Global Coordinators or the Joint Lead Managers and Joint Bookrunners is obligated to make a market in the Securities and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Global Coordinators or the Joint Lead Managers and Joint Bookrunners. In addition, the Securities are being offered without registration under the Securities Act and, as a result, you will only be able to resell your Securities in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. See “Subscription and Sale”. We cannot predict whether an active trading market for the Securities will develop or be sustained.

The liquidity and price of the Securities following the Offerings may be volatile.

The price and trading volume of the Securities may be highly volatile. Factors such as variations in our revenues, earnings and cash flows and proposals for new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies, government regulations and changes thereof applicable to our industry and general economic conditions nationally or internationally could cause the price of the Securities to change. Any such developments may result in large and sudden changes in the volume and price at which the Securities will trade. We cannot assure you that these developments will not occur in the future.

Developments in other markets may adversely affect the market price of the Securities.

The market price of the Securities may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors’ reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including China. Since the subprime mortgage crisis in 2008, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Securities could be adversely affected.

The Securities will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Securities will initially only be issued in global form and held through Euroclear and Clearstream. Interests in the Securities represented by the Global Securities Certificate will trade in book-entry form only, and Securities in definitive registered form, or definitive registered Securities, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book entry

interests will not be considered owners or holders of the Securities. The nominee of the common depository for Euroclear and Clearstream will be the sole registered holder of the Global Securities Certificate representing the Securities. Payments of principal, Distribution and other amounts owing on or in respect of the Global Securities Certificate representing the Securities will be made to the Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to accounts of participants that hold book-entry interests in the Global Securities Certificate representing the Securities and credited by such participants to indirect participants. After payment to the Paying Agent, we will have no responsibility or liability for the payment of Distribution, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream or, if you are not a participant in Euroclear and Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of holders of the Securities under the Trust Deed.

Unlike the holders of the Securities themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the Securities. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Securities.

The Trustee may request holders of the Securities to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances, including without limitation giving of notice to the Issuer pursuant to Condition 16 and taking enforcement steps pursuant to Condition 13 of the Terms and Conditions of the Securities, the Trustee may, at its sole discretion, request holders of the Securities to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of holders of the Securities. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed (as defined in the Terms and Conditions of the Securities) or the Terms and Conditions of the Securities or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Securities to take such actions directly.

Decisions that may be made on behalf of all holders of the Securities may be adverse to the interests of individual holders of the Securities.

The Terms and Conditions of the Securities contain provisions for calling meetings of holders of the Securities to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of the Securities including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of holders of the Securities may be adverse to the interests of the individuals.

Our financial statements are prepared according to PRC GAAP, which may differ significantly from IFRS.

Our financial statements are prepared and presented in accordance with PRC GAAP, which differ in certain significant respects from IFRS. We have not prepared a reconciliation of our consolidated financial information and our consolidated financial statements and related footnotes between PRC GAAP and other GAAPs or otherwise compared the PRC GAAP with the IFRS and summarised any differences thereof. In making an investment decision, you must rely upon your own examination of us,

the terms of the Offerings and our financial information. You should consult your own professional advisers for an understanding of the differences between PRC GAAP and any other GAAPs and how those differences might affect the financial information contained in this Offering Circular.

Exchange rate risks, exchange controls and interest rate risks may result in a holder of the Securities receiving less on the Securities than expected.

The Issuer will pay principal, premium (if any) and Distribution on the Securities in US Dollars. This presents certain risks relating to currency conversions if financial activities of a holder of the Securities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than US Dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euros or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to US Dollars would decrease (i) the Investor’s Currency equivalent yield on the Securities; (ii) the Investor’s Currency equivalent value of the principal payable on the Securities; and (iii) the Investor’s Currency equivalent market value of the Securities.

Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, a holder of the Securities may receive less Distribution or principal than expected, or no interest or Distribution or principal.

Subject to increase in Distribution Rate following occurrence of certain events, the Securities will carry a fixed Distribution Rate. Consequently, the trading price of the Securities will vary with fluctuations in Distribution Rate. If a holder of the Securities tries to sell any Securities, such holder may receive an offer that is less than the amount invested.

If the Issuer and the Guarantor are unable to comply with the restrictions and covenants in their respective debt agreements, there could be a default under the terms of these agreements, which could cause repayment of their respective debt to be accelerated.

If the Issuer and the Guarantor are unable to comply with their respective current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer and the Guarantor, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. From time to time we may need consents under these agreements for actions that we want to undertake. Although we believe that we have obtained all necessary consents, there is no assurance that the relevant lenders may take the same view. Furthermore, some of the Issuer’s or the Guarantor’s debt agreements contain cross-acceleration or cross-default provisions. As a result, the Issuer’s or the Guarantor’s default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, or result in a default under the Issuer’s or the Guarantor’s other debt agreements. If any of these events occur, the Issuer and the Guarantor cannot assure holders that their respective assets and cash flows would be sufficient to repay in full all of their respective indebtedness, or that the Issuer and the Guarantor would be able to find alternative financing. Even if they could obtain alternative financing, they cannot assure holders that it would be on terms that are favourable or acceptable to them.

USE OF PROCEEDS

The net proceeds from the offering of the Securities will be approximately US\$773.4 million after deducting the Joint Lead Managers' commission and certain other expenses payable by the Issuer in connection with this offering. The Issuer intends to on-lend the net proceeds from this offering to the Guarantor or its designated subsidiaries to repay certain offshore bank borrowings and as general working capital for the Group's offshore operations in compliance with the relevant laws and regulations of SAFE.

EXCHANGE RATE INFORMATION

CHINA

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the markets during the prior day. The PBOC also takes into account other factors such as the general conditions existing in the international foreign exchange market. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous day's inter-bank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. On 21 July 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to that of the U.S. dollar only, to allow the value of the Renminbi to fluctuate within a narrow and managed band based on market supply and demand and by reference to a basket of currencies. This change in policy has resulted in a significant appreciation of the Renminbi against the U.S. dollar.

The PRC government has made further adjustments to the exchange rate system. The PBOC authorised the China Foreign Exchange Trading Centre, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi at 9:15 a.m. each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over the counter exchange rate for that business day. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. On 19 June 2010, PBOC announced that in view of the recent economic situation and financial market developments in China and abroad, and the balance of payments situation in China, it has decided to proceed further with reform of the Renminbi exchange rate regime and to enhance the Renminbi exchange rate flexibility. According to the announcement, the exchange rate floating bands will remain the same as previously announced but the PBOC will place more emphasis on reflecting the market supply and demand with reference to a basket of currencies. On 12 April 2012, the PBOC announced that on 16 April 2012, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar would be enlarged from 0.5 per cent. to 1.0 per cent. around the central parity rate, allowing the Renminbi to fluctuate against the U.S. dollar by up to 1.0 per cent. above or below the central parity rate published by the PBOC. The PBOC announced on 15 March 2014 that since 17 March 2014, the floating band for the trading prices in the inter-bank foreign exchange spot market of Renminbi against the U.S. dollar was further expanded from 1 per cent. to 2 per cent. On each business day, the spread between the Renminbi and U.S. dollar buying and selling prices offered by the designated foreign exchange banks to their clients shall be within 3.0 per cent. of the published central parity of U.S. dollar on that day, instead of 2.0 per cent. For three consecutive days commencing 11 August 2015, the PBOC devalued the Renminbi against the U.S. dollar, leading to declines in the value of the Renminbi versus the U.S. dollar of up to 2.8 per cent. in currency markets and signalling the largest single-day drop in the value of the Renminbi since 1994.

Although PRC governmental policies were introduced in 1996 to reduce restrictions on the convertibility of the Renminbi into foreign currency for current account items, conversion of the Renminbi into foreign currency for capital items, such as foreign direct investment, loans or security, requires the approval of SAFE and other relevant authorities.

The following table sets forth for the periods indicated, certain information concerning the exchange rates between Renminbi and U.S. dollars. The exchange rates reflect the exchange rates as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System of the United States.

Period	Exchange Rate			
	Period End	Average ⁽¹⁾	High	Low
		(RMB per US\$1.00)		
2012	6.2301	6.2990	6.3879	6.2221
2013	6.0537	6.1478	6.2438	6.0537
2014	6.2046	6.1704	6.2591	6.0402
2015	6.4778	6.2827	6.4896	6.1870
2016	6.9430	6.6394	6.9580	6.4480
2017				
February	6.8665	6.8717	6.8768	6.8665
March	6.8832	6.8940	6.9132	6.8687
April	6.8900	6.8876	6.8988	6.8778
May	6.8098	6.8843	6.9060	6.8098
June	6.7793	6.8066	6.8382	6.7793
July	6.7240	6.7694	6.8039	6.7240
August (through 25 August)	6.6465	6.6820	6.7272	6.6460

(1) Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates, which are determined by averaging the daily rates during the respective months.

On 25 August 2017, the noon buying rate for U.S. dollar in New York City for cable transfers in Renminbi was US\$1.00 to RMB6.6465 as certified for customs purposes by the Federal Reserve Bank of New York.

HONG KONG

Under existing Hong Kong law, there are no limitations on the rights of non-residents or foreign owners to hold the Securities. The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China, which came into effect on 1 July 1997, provides that no foreign exchange control policies shall be applied in Hong Kong.

The Hong Kong dollar is freely convertible into other currencies, including the U.S. dollar. Since 1983, the Hong Kong dollar has been linked to the U.S. dollar at the rate of HK\$7.80 to US\$1.00. The central element in the arrangements which gave effect to the link is that by agreement between the Hong Kong government and the three Hong Kong banknote issuing banks (The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank and Bank of China), certificates of indebtedness, which are issued by the Hong Kong Government Exchange Fund to the banknote issuing banks to be held as cover for their banknote issues, are issued and redeemed only against payment in U.S. dollars at the fixed exchange rate of HK\$7.80 to US\$1.00. When the banknotes are withdrawn from circulation, the banknote issuing banks surrender the certificates of indebtedness to the Hong Kong Government Exchange Fund and are paid the equivalent U.S. dollars at the fixed rate. The market exchange rate of the Hong Kong dollar against the U.S. dollar continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate system which applies to the issuance and withdrawal of Hong Kong currency in circulation, the market exchange rate has not deviated significantly from the level of HK\$7.80 to US\$1.00. The Hong Kong government has indicated its intention to maintain the link at that rate. Under the Basic Law, the Hong Kong dollar will continue to circulate and remain freely convertible. The Hong Kong government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the Hong Kong dollar will remain freely convertible into other currencies, including the U.S. dollar. However, no assurance can be given that the Hong Kong government will maintain the link at HK\$7.80 to US\$1.00 or at all.

The following table sets forth, for the periods indicated, certain information concerning the exchange rates between Hong Kong dollars and U.S. dollars. The exchange rates reflect the exchange rates as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System of the United States.

Period	Exchange Rate			
	Period End	Average ⁽¹⁾	High	Low
		(HK\$ per US\$1.00)		
2012	7.7507	7.7569	7.7699	7.7493
2013	7.7539	7.7565	7.7654	7.7503
2014	7.7531	7.7554	7.7669	7.7495
2015	7.7507	7.7524	7.7686	7.7495
2016	7.7534	7.7620	7.8270	7.7505
2017				
February	7.7627	7.7610	7.7627	7.7593
March	7.7714	7.7658	7.7714	7.7611
April	7.7779	7.7737	7.7806	7.7687
May	7.7929	7.7864	7.7933	7.7775
June	7.7908	7.7984	7.8055	7.7908
July	7.8100	7.5468	7.8182	6.7451
August (through 25 August)	7.8215	7.8210	7.8263	7.8121

(1) Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates, which are determined by averaging the daily rates during the respective months.

On 25 August 2017, the noon buying rate for U.S. dollar in New York City for cable transfers in Hong Kong dollars was US\$1.00 to HK\$7.8215 as certified for customs purposes by the Federal Reserve Bank of New York.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated capitalisation and indebtedness of the Guarantor as at 30 June 2017 on a historical basis and as adjusted to give effect to the issue of the Securities and assuming the net proceeds of US\$773.4 million thereof as described in “Use of Proceeds.” The following table should be read in conjunction with the Guarantor’s consolidated financial statements and related notes included in this Offering Circular.

	As at 30 June 2017			
	Actual	Actual	As adjusted	As adjusted
	(RMB in millions)	(US\$ in millions)	(RMB in millions)	(US\$ in millions)
Short-term indebtedness:				
– Short-term loans	6,014.4	887.2	6,014.4	887.2
– Long-term borrowings due within one year . . .	1,622.7	239.4	1,622.7	239.4
– Medium-term notes due within one year	–	–	–	–
Long-term indebtedness:				
– Long-term borrowings	20,377.5	3,005.8	20,377.5	3,005.8
– Bonds payable	10,497.0	1,548.4	10,497.0	1,548.4
Total indebtedness⁽¹⁾	<u>38,511.6</u>	<u>5,680.8</u>	<u>38,511.6</u>	<u>5,680.8</u>
Shareholder’s equity:				
– Share capital	3,998.6	589.8	3,998.6	589.8
– Capital reserve	64.2	9.5	64.2	9.5
– Other comprehensive income	(1,049.1)	(154.7)	(1,049.1)	(154.7)
– Special reserve	112.5	16.6	112.5	16.6
– Surplus reserve	–	–	–	–
– Retained earnings	29,556.3	4,359.7	29,556.3	4,359.7
Minority interests	15,288.5	2,255.1	15,288.5	2,255.1
Securities to be issued ⁽²⁾	–	–	5,243.1	773.4
Total shareholders’ equity	<u>47,971.0</u>	<u>7,076.1</u>	<u>53,214.1</u>	<u>7,849.5</u>
Total capitalisation⁽³⁾	<u>86,482.6</u>	<u>12,756.9</u>	<u>91,725.7</u>	<u>13,530.3</u>

(1) Total indebtedness equals the sum of short-term indebtedness and long-term indebtedness.

(2) This amount represents the aggregate principal amount of the Securities to be issued, after deducting the Joint Lead Managers’ commission and certain other expenses payable by the Issuer in connection with this offering.

(3) Total capitalisation equals the sum of total indebtedness and total shareholders’ equity.

Other than as disclosed above, there has been no material change in the capitalisation and indebtedness of the Guarantor since 30 June 2017.

TERMS AND CONDITIONS OF THE SECURITIES

The following is the text of the Terms and Conditions of the Securities which (subject to modification and except for the paragraphs in italics) will be endorsed on the Certificates issued in respect of the Securities:

The US\$775,000,000 3.75 per cent. senior guaranteed perpetual capital securities (the “**Securities**”, which expression, unless expressly indicated otherwise, includes any further securities issued pursuant to Condition 12 and consolidated and forming a single series therewith) of Weichai International Hong Kong Energy Group Co., Limited (濰柴國際(香港)能源集團有限公司) (the “**Issuer**”) will be constituted by a trust deed to be dated 14 September 2017 (as amended or supplemented from time to time, the “**Trust Deed**”) between the Issuer, Weichai Power Co., Ltd. (濰柴動力股份有限公司) (the “**Guarantor**”) and The Hongkong and Shanghai Banking Corporation Limited as trustee (the “**Trustee**”, which expression includes all persons for the time being the trustee or trustees appointed under the Trust Deed).

The Securities will have the benefit of a deed of guarantee (as amended or supplemented from time to time, a “**Deed of Guarantee**”, which expression, unless expressly indicated otherwise, includes any further deeds of guarantee that may be made by the Guarantor in favour of the Trustee pursuant to Condition 12) made by the Guarantor in favour of the Trustee and are the subject of an agency agreement to be dated 14 September 2017 (as amended or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, the Guarantor, The Hongkong and Shanghai Banking Corporation Limited as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Securities), as initial principal paying agent (the “**Principal Paying Agent**”, which expression includes any successor principal paying agent appointed from time to time in connection with the Securities), as transfer agent (the “**Transfer Agent**”, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Securities), as calculation agent (the “**Calculation Agent**”, which expression includes any successor appointed from time to time in connection with the Securities), any other agents named therein and the Trustee. References herein to the “**Agents**” are to the Registrar, the Principal Paying Agent, the Transfer Agent, the Calculation Agent and any other agent or agents appointed from time to time with respect to the Securities and any reference to an “**Agent**” is to any one of them. Certain provisions of these Conditions are summaries of the Trust Deed, any Deed of Guarantee and the Agency Agreement and subject to their detailed provisions. The Holders of Securities are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, any Deed of Guarantee and the Agency Agreement applicable to them. Copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement are available for inspection by Holders of Securities during normal office hours upon prior written request and proof of holding at the principal office of the Trustee (presently at Level 30, HSBC Main Building, 1 Queen’s Road Central, Hong Kong) and at the specified office of the Principal Paying Agent, the initial specified office of which is set out in the Agency Agreement. The Holders of Securities are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and those provisions of the Agency Agreement applicable to them.

All capitalised terms that are not defined in these terms and conditions (the “**Conditions**”) will have the meanings given to them in the Trust Deed.

1 FORM, DENOMINATION, STATUS AND GUARANTEE OF THE SECURITIES

- (a) **Form and Denomination:** The Securities are issued in registered form, in the denomination of US\$200,000 each and integral multiples of US\$1,000 in excess thereof (an “**Authorised Denomination**”).

- (b) **Status of the Securities:** The Securities constitute direct, general, unconditional, unsubordinated and (subject to Condition 3(a)) unsecured obligations of the Issuer which will at all times rank *pari passu* without any preference or priority among themselves (subject to Condition 3(a)) and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by applicable provisions of law that are both mandatory and of general application.
- (c) **Guarantee of the Securities:** Subject to Condition 12, the Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Securities and the Trust Deed (the “**Guarantee**”). The Guarantee constitutes a direct, general and unconditional obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured, unconditional and unsubordinated obligations of the Guarantor, save as provided under Condition 3(a) and save for such obligations as may be preferred by applicable provisions of law that are both mandatory and of general application.

Upon issue, the Securities will be evidenced by a global certificate (the “Global Certificate”) substantially in the form scheduled to the Trust Deed. The Global Certificate will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear and Clearstream, and will be exchangeable for individual Certificates only in the circumstances set out therein.

2 REGISTER, TITLE AND TRANSFERS

- (a) **Register:** The Registrar will maintain a register (the “**Register**”) in respect of the Securities outside of the United Kingdom in accordance with the provisions of the Agency Agreement. In these Conditions, the “**Holder**” of a Security means the person in whose name such Security is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Holder of Securities**” shall be construed accordingly. A certificate (each, a “**Certificate**”) will be issued to each Holder of Securities in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register.
- (b) **Title:** The Holder of each Security shall (except as otherwise required by law) be treated as the absolute owner of such Security for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Securities or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.
- (c) **Transfers:** Subject to Condition 2(f) and Condition 2(g) below, a Security may be transferred upon surrender of the relevant Certificate, with the endorsed form of transfer duly completed, at the specified office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided*, however, that a Security may not be transferred unless the principal amount of Securities transferred and (where not all of the Securities held by a Holder are being transferred) the principal amount of the balance of Securities not transferred are Authorised Denominations. Where not all the Securities evidenced by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Securities will be issued to the transferor.

Transfers of interests in the Securities evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

- (d) **Registration and delivery of Certificates:** Within five business days of the surrender of a Certificate in accordance with Condition 2(c) above, the Registrar will register the transfer in question and deliver a new Certificate of a like principal amount to the Securities transferred to each relevant Holder at its specified office or (as the case may be) the specified office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (air mail if overseas) to the address specified for the purpose by such relevant Holder.
- (e) **No charge:** The transfer of a Security will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity and/or security and/or prefunding as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (f) **Closed periods:** A Holder of Securities may not require transfers to be registered during the period of (i) seven business days ending on (but excluding) the due date for any payment of principal or Distributions in respect of that Security or (ii) seven business days ending on (and including) any Record Date or (iii) seven business days ending on (and including) any date of redemption pursuant to Condition 5.
- (g) **Regulations concerning transfers and registration:** All transfers of Securities and entries on the Register are subject to the detailed regulations concerning the transfer of Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed by the Registrar to any Holder of Securities who requests in writing a copy of such regulations.

3 COVENANTS

- (a) **Negative pledge:** So long as any Security remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor shall, and the Issuer and the Guarantor shall procure that none of their respective Subsidiaries (other than a Listed Subsidiary and its consolidated subsidiaries) will, create, incur, assume or permit to exist any Lien upon the whole or any part of its property or assets, now owned or hereafter acquired, to secure any Relevant Indebtedness of the Guarantor, the Issuer or their respective Subsidiaries (other than a Listed Subsidiary and its consolidated subsidiaries) (or any guarantee or indemnity in respect thereof) without, in any such case, making effective provision whereby the Securities and the Guarantee will be secured either at least equally and ratably with such Relevant Indebtedness or by such other Lien as shall have been approved by the Holders of the Securities as provided in the Trust Deed, for so long as such Relevant Indebtedness will be so secured.
- (b) **Undertakings in relation to the Guarantee of the Securities:** The Guarantor undertakes that it will register or cause to be registered with the SAFE the Deed of Guarantee in accordance with the Foreign Exchange Administration Rules on Cross-border Security (跨境擔保外匯管理規定) as soon as possible and in any event before the date 15 Registration Business Days after the execution of the Guarantee (the “Cross-border Security Registration”). The Guarantor further undertakes to use its reasonable endeavour to fulfil the Release Condition on or prior to the Registration Deadline. The Trustee shall have no obligation to monitor or ensure the Release Condition is fulfilled on or before the Registration Deadline and shall not be liable to Holders of Securities or any other person for not doing so.

Upon completion by the Guarantor of the Cross-border Security Registration, the Guarantor shall deliver an officer's certificate to the Trustee substantially in the form set forth in the Trust Deed together with a copy of the relevant certificate of registration from the SAFE and certifying that such copy of the relevant certificate of registration is true and correct upon completion of such registration. The Guarantor shall procure that within 10 business days after the Release Condition is fulfilled, the Issuer releases a notice to the Holders of Securities confirming the completion of the Release Condition in accordance with Condition 16. The Trustee and the Agents shall have no obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or connection with the Release Condition or to assist the Guarantor in the Cross-border Security Registration or to monitor if a Relevant Event has occurred and shall not be liable to Holders or any other person for not doing so.

- (c) **Consolidation, Merger and Sale of Assets:** Neither the Guarantor nor the Issuer may consolidate with or merge into any other Person in a transaction in which the Guarantor or the Issuer, as the case may be, is not the surviving entity, or sell, convey, transfer, lease or otherwise dispose of its properties and assets (computed on a consolidated basis) substantially as an entirety to any Person in one transaction or a series of related transactions unless:
- (i) any Person formed by such consolidation or into which the Guarantor or the Issuer, as the case may be, is merged or to whom the Guarantor or the Issuer, as the case may be, has sold, conveyed, transferred, leased or otherwise dispose of its properties and assets substantially as an entirety in one transaction or a series of related transactions is a corporation validly existing under the laws of Hong Kong or, in the case of the Guarantor, the laws of the PRC, and such Person expressly assumes by an amendment to the Agency Agreement, a trust deed supplemental to the Trust Deed and a deed poll supplemental to the Deed of Guarantee, all the obligations of the Issuer or the Guarantor under the Agency Agreement, the Trust Deed or the Deed of Guarantee, as the case may be;
 - (ii) immediately after giving effect to such transaction, no Enforcement Event, and no event which, after notice or lapse of time or both, would become an Enforcement Event, shall have occurred and be continuing;
 - (iii) if any such Person is not organised and validly existing under the laws of (or if any such Person is resident for tax purposes in a jurisdiction other than) the PRC or any successor jurisdiction (in the case of the Guarantor) or Hong Kong or any successor jurisdiction (in the case of the Issuer) then any such Person shall expressly agree in a supplemental trust deed that such jurisdiction of organisation or tax residence (or any political subdivision, territory or possession thereof, any taxing authority therein or any area subject to its jurisdiction) will be added to the list of Relevant Jurisdictions (as defined below in Condition 19); and
 - (iv) if, as a result of the transaction, any property or asset of the Guarantor or any of the Guarantor's Subsidiaries would become subject to a Lien that would not be permitted under the provisions of Condition 3(a) above, the Guarantor, the Issuer or such successor Person takes such steps as shall be necessary to secure the Securities and the Deed of Guarantee at least equally and ratably with the Relevant Indebtedness secured by such Lien or by such other Lien as shall have been approved by Holders of the Securities pursuant to the Trust Deed.
- (d) **Further limitation on Issuer's activities and related matters:** For so long as any Security remains outstanding, the Issuer will conduct no business or any other activities other than to finance the business operations of the Guarantor or one or more companies controlled by the Guarantor through the offering, sale or issuance of securities and borrowings of indebtedness and investing in or lending the proceeds thereof to the Guarantor or a company controlled by the Guarantor, and any other activities in connection therewith.

- (e) **Provision of Information:** For so long as the Securities are outstanding (as defined in the Trust Deed), the Issuer and the Guarantor will deliver to the Trustee:
- (i) as soon as they are available, but in any event within 120 calendar days after the end of each fiscal year of the Guarantor, copies of the Guarantor's financial statements in the English language (on a consolidated basis) in respect of such financial year (including an income statement, balance sheet and cash flow statement) audited by a member firm of independent accountants recognised internationally or qualified and recognised nationally in the PRC (a "**Qualified Accounting Firm**");
 - (ii) as soon as they are available, but in any event within 90 calendar days after the end of each first semi-annual fiscal period of the Guarantor, copies of the Guarantor's unaudited financial statements in the English language (on a consolidated basis) in respect of such semi-annual period (including an income statement, balance sheet and cash flow statement) prepared on a basis consistent with the audited financial statements of the Guarantor and reviewed by a Qualified Accounting Firm;
 - (iii) each of the Issuer and the Guarantor shall deliver to the Trustee within 120 calendar days after the end of each financial year of the Issuer or the Guarantor, respectively, ending after the Original Issue Date, a compliance certificate signed by two directors or authorized representatives of the Issuer and the Guarantor stating whether, to such director's knowledge, the Issuer and the Guarantor are in compliance with all covenants and conditions to be complied with by the Issuer and the Guarantor, respectively, under the Securities, the Trust Deed and the Agency Agreement; and
 - (iv) as soon as possible and in any event within 15 calendar days after the Issuer or the Guarantor becomes aware of the occurrence thereof, written notice of the occurrence of any event which constitutes, or which, after notice or lapse of time or both, would become a Relevant Event and an officer's certificate signed by two directors or authorized representatives of the Issuer (or the Guarantor, as the case may be) setting forth the details thereof and the action the Guarantor is taking or proposes to take with respect thereto.

provided that if the Guarantor is listed on the Stock Exchange of Hong Kong, the Guarantor shall send to the Trustee the documentation specified in paragraphs (d)(i)-(ii) (inclusive) within 15 days after any such document is published on the Stock Exchange of Hong Kong copies thereof to the Trustee.

- (f) **Corporate Existence:** Subject to the provisions of Condition 3(c), each of the Issuer and the Guarantor shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and that of each Principal Subsidiary and the corporate rights (charter and statutory), corporate licenses and corporate franchises of the Issuer, the Guarantor and each such Principal Subsidiary, as the case may be; *provided* that, the Issuer, the Guarantor or each Principal Subsidiary shall not be required to preserve any such existence, right, license or franchise if the board of directors of the Issuer, the Guarantor or such Principal Subsidiary shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Issuer, the Guarantor or such Principal Subsidiary, as the case may be, and that the loss thereof would not have a material adverse impact on the Holders of the Securities.
- (g) **NDRC Registration:** The Guarantor undertakes to file or cause to be filed with the NDRC the requisite information and documents within the timeframe prescribed by the NDRC after the Original Issue Date in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044 號)) issued by the NDRC and which came into effect on 14 September 2015 and

any implementation rules as issued by the NDRC from time to time (the “**NDRC Post-issue Filing**”).

The Guarantor shall within 15 business days after submission of the NDRC Post-issue Filing, provide the Trustee with a certificate in substantially the form set out in the Trust Deed in English signed by an Authorised Signatory of the Guarantor confirming the submission of the NDRC Post-issue Filing and having attached to it documents evidencing submission of the NDRC Post-issue Filing.

The Trustee shall have no obligation or duty to monitor or ensure the completion of the NDRC Post-issue Filing within the timeframe referred to above or to verify the accuracy, validity and/or genuineness of any certificate, confirmation or other documents in relation to or in connection with the NDRC Post-issue Filing or to give notice to the Holders of Securities confirming the completion of the NDRC Post-Issue Filing, and shall not be liable to any Holder of Securities or any other person for not doing so.

4 DISTRIBUTION

- (a) **Distributions:** Subject to Condition 4(d), the Securities confer a right to receive distributions (each a “**Distribution**”) from and including the Original Issue Date at the applicable Distribution Rate in accordance with this Condition 4. Subject to Condition 4(d), Distributions shall be payable on the Securities semi-annually in arrears in equal instalments on 14 March and 14 September of each year (each, a “**Distribution Payment Date**”), commencing on 14 March 2018.

If any Distribution is required to be calculated in respect of a period of less than a full half-year, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each.

- (b) **Rate of Distribution:** Subject to any increase pursuant to Condition 4(e), the rate of distribution (“**Distribution Rate**”) applicable to the Securities shall be:
- (i) in respect of the period from, and including, the Original Issue Date to, but excluding, 14 September 2022 (the “**First Call Date**”), the Initial Distribution Rate; and
 - (ii) in respect of the period (A) from, and including the First Call Date, to, but excluding, the Reset Date falling immediately after the First Call Date, and (B) from, and including, each Reset Date falling after the First Call Date to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate.
- (c) **Distribution Accrual:** Unless otherwise provided for in these Conditions, each Security will cease to confer the right to receive any Distribution from and including the due date for redemption unless, upon due presentation, payment of the full amount due is improperly withheld or refused, in which event Distributions shall continue to accrue as provided in the Trust Deed. In such latter event, Distribution will continue to accrue at the applicable Distribution Rate (after as well as before any judgment) up to but excluding whichever is the earlier of (i) the date on which all sums due in respect of any Security are received by or on behalf of the relevant Holder of Securities and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Holders of Securities that it has received all sums due in respect of the Securities up to such seventh day (except to the extent that there is a failure in the subsequent payment to the relevant Holders of Securities under these Conditions).

(d) **Distribution Deferral:**

- (i) **Optional Deferral:** The Issuer may, at its sole discretion, elect to defer (in whole or in part) any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice (an “**Optional Deferral Notice**”) to the Holders of Securities (in accordance with Condition 16) and the Trustee and the Principal Paying Agent in writing not more than 15 business days nor less than five business days prior to the relevant Distribution Payment Date (an “**Optional Deferral Event**”).
- (ii) **No obligation to pay:** The Issuer and the Guarantor shall have no obligation to pay any Distribution (including any Arrears of Distribution and any Additional Distribution Amount) on any Distribution Payment Date if the Issuer validly elects not to do so in accordance with Condition 4(d)(i) and any non-payment of Distribution shall not constitute a default of the Issuer or the Guarantor in respect of the Securities or the Guarantee, as the case may be.
- (iii) **Cumulative Deferral:** Any Distribution deferred pursuant to this Condition 4(d) shall constitute “**Arrears of Distribution**”. The Issuer may, at its sole discretion, elect (in the circumstances set out in Condition 4(d)(i)) to further defer in whole or in part) any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued Distribution. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distribution can be deferred pursuant to this Condition 4(d) except that Condition 4(d)(iv) shall be complied with until all outstanding Arrears of Distribution and Additional Distribution Amount have been paid in full.

Each amount of Arrears of Distribution shall accrue Distributions as if it constituted the principal of the Securities at the prevailing Distribution Rate and the amount of such Distribution (the “**Additional Distribution Amount**”) with respect to Arrears of Distribution shall be due and payable pursuant to this Condition 4 and shall be calculated by applying the applicable Distribution Rate to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition 4. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added (for the purpose of calculating the Additional Distribution Amount accruing thereafter) to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

- (iv) **Restrictions in the case of Deferral:** If, on any Distribution Payment Date, payment of all Distribution scheduled to be made on such date (including any Distribution accrued but unpaid on the Securities (including any Arrears of Distribution and any Additional Distribution Amount)) is not made in full, neither the Issuer nor the Guarantor shall:
 - (A) declare or pay any discretionary dividends or distributions or make any other discretionary payment, and will procure that no discretionary dividend, distribution or other discretionary payment is made, on any Parity Securities or Junior Securities of the Issuer or the Guarantor (except (i) in relation to the Parity Securities of the Issuer or the Guarantor, as the case may be, on a *pro-rata* basis, or (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants, or (iii) as a result of the exchange or conversion of its Parity Securities for its Junior Securities as contractually required to be made under the terms of the Parity Securities); or

- (B) at its discretion redeem, reduce, cancel, buy-back or otherwise acquire for any consideration any Parity Securities prior to its stated maturity or Junior Securities of the Issuer or the Guarantor (except (i) in relation to the Parity Securities of the Issuer or the Guarantor, as the case may be, on a *pro-rata* basis, or (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants or (iii) as a result of the exchange or conversion of its Parity Securities for its Junior Securities),

in each case, unless and until (x) the Issuer has satisfied in full all outstanding Arrears of Distribution and the Additional Distribution Amount; or (y) the Issuer is permitted to do so by an Extraordinary Resolution of the Holders of Securities.

(v) **Satisfaction of Arrears of Distribution by payment:** The Issuer:

- (A) may satisfy any Arrears of Distribution and Additional Distribution Amount (in whole or in part) at any time by giving notice of such election to the Holders of Securities (in accordance with Condition 16), the Trustee and the Principal Paying Agent not more than 10 business days nor less than five business days prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Arrears of Distribution and Additional Distribution Amounts, on the payment date specified in such notice); and
- (B) in any event shall satisfy any outstanding Arrears of Distribution and Additional Distribution Amount (in whole but not in part) on the earliest of:
 - (1) the date of redemption of the Securities in accordance with the redemption events set out in Condition 5;
 - (2) the next Distribution Payment Date following the occurrence of a breach of Condition 4(d)(iv);
 - (3) a Winding-Up of the Issuer or the Guarantor; and
 - (4) the date of any substitution or variation in accordance with Condition 11(e).

Any partial payment of outstanding Arrears of Distribution and any Additional Distribution Amount by the Issuer shall be shared by the Holders of Securities of all outstanding Securities on a *pro-rata* basis.

- (vi) **No default:** Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of any Distribution payment in accordance with this Condition 4(d) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 8) on the part of the Issuer or the Guarantor under the Securities or the Guarantee, as the case may be.

(e) **Increase in Distribution Rate following occurrence of certain events:**

- (i) **Increase in Distribution Rate:** Upon the occurrence of:
 - (A) a Change of Control Triggering Event,
 - (B) a Breach of Covenants Event, or

(C) an Indebtedness Default Event,

(each, a “**Relevant Event**”)

unless (x) an irrevocable notice to redeem the Securities has been given to Holders of Securities by the Issuer pursuant to Condition 5 by the 45th day following the occurrence of the Relevant Event or (y) in the case of a Breach of Covenants Event or an Indebtedness Default Event, the relevant Covenant Breach or the Indebtedness Default Event (as the case may be) is remedied by the 45th day following the occurrence of such Breach of Covenants Event or such Indebtedness Default Event (as the case may be) or in the case of a Change of Control Triggering Event, the relevant Change of Control no longer exists by the 45th day following the Change of Control Triggering Event, the Distribution Rate will increase by 4.00 per cent. per annum with effect from (a) the next Distribution Payment Date immediately following the occurrence of such Relevant Event or (b) if the date on which the Relevant Event occurs is prior to the most recent preceding Distribution Payment Date, such Distribution Payment Date, *provided* that the maximum aggregate increase in the Distribution Rate pursuant to this Condition 4(e) shall be 4.00 per cent. per annum. For the avoidance of doubt, any increase in the Distribution Rate pursuant to this Condition 4(e) is separate from and in addition to any increase in the Distribution Rate pursuant to Condition 4(b)(ii).

Any increase in the Distribution Rate pursuant to this Condition 4(e) shall be notified by the Issuer to the Holders of Securities, the Trustee and the Agents in writing no later than the 45th day following the occurrence of a Relevant Event.

Neither the Trustee nor any of the Agents shall be obliged to take any steps to ascertain whether a Relevant Event has occurred or to monitor the occurrence of any Relevant Event, and shall not be liable to the Holders of Securities or any other person for not doing so.

- (ii) **Decrease in Distribution Rate:** If following an increase in the Distribution Rate after a Relevant Event pursuant to Condition 4(e)(i), (a) in the case of a Breach of Covenants Event or an Indebtedness Default Event, the relevant Covenant Breach or Indebtedness Default Event is cured or (b) in the case of a Change of Control Triggering Event, the relevant Change of Control no longer exists, upon written notice of such facts being given to the Holders of Securities (in accordance with Condition 16), the Trustee and the Principal Paying Agent, the Distribution Rate shall be decreased by 4.00 per cent. per annum with effect from (and including) the Distribution Payment Date immediately following the date falling 30 days after the date on which the Trustee receives notice of the cure of such Covenant Breach, Indebtedness Default Event or Change of Control Triggering Event, *provided* that the maximum aggregate decrease in the Distribution Rate pursuant to this Condition 4(e) shall be 4.00 per cent. per annum.
- (f) **Calculation of Distribution Rate:** The Calculation Agent will, two New York Business Days prior to the First Call Date and each Reset Date under Condition 4(b)(ii), calculate the Relevant Reset Distribution Rate payable in respect of each Security. The Calculation Agent will cause the Relevant Reset Distribution Rate determined by it to be notified to the Trustee, the Principal Paying Agent and the Issuer as soon as practicable after the First Call Date or the relevant Reset Date. Notice thereof shall also promptly be given by the Issuer to the Holders (in accordance with Condition 16). All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Principal Paying Agent and the Holders and no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

5 REDEMPTION AND PURCHASE

(a) **No fixed redemption:**

The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (without prejudice to Condition 8), only have the right to redeem or purchase them in accordance with the following provisions of this Condition 5.

(b) **Redemption at the option of the Issuer:**

The Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the Holders of Securities at their principal amount (together with any Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) on the First Call Date or on any Distribution Payment Date after the First Call Date (each, a "**Call Date**").

Upon the expiry of any such notice as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Securities on the relevant Call Date in accordance with Condition 5(b).

(c) **Redemption for taxation reasons:**

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' notice to the Holders of Securities, the Agents and the Trustee (which notice shall be irrevocable), at their principal amount (together with any Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)), if, immediately before giving such notice, the Issuer notifies the Trustee that:

- (i) (A) the Issuer has or will become obliged to pay Additional Tax Amounts (as defined below in Condition 7) as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of, or the stating of an official position regarding, such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective (or in the case of an official position, is announced) on or after the Original Issue Date (or in the case that Additional Tax Amounts are payable with respect to taxes imposed by a jurisdiction other than Hong Kong or the PRC, after the Issuer becomes subject to tax in the Relevant Jurisdiction); and (B) such obligation cannot be avoided by the Issuer or the Guarantor taking reasonable measures available to it; or
- (ii) (A) (if a demand was made under the Guarantee) the Guarantor has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of, or the stating of an official position regarding, such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective (or in the case of an official position, is announced) on or after the Original Issue Date; and (B) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it;

(either (i) or (ii) above, a "**Gross-up Event**"),

provided, however, that (i) no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor (as the case may be) would be obliged to pay such Additional Tax Amounts if a payment in respect of the Securities (or the Guarantee of the Securities, as the case may be) were then due, and (ii) for the avoidance of doubt, a change to the jurisdiction of incorporation of the Issuer or the Guarantor (as the case may be) would not be considered a reasonable measure to be taken by the Issuer or the Guarantor (as the case may be).

Prior to the publication of any notice of redemption pursuant to this Securities Condition 5(c), the Issuer shall deliver or procure to be delivered to the Trustee (i) a certificate signed by one director of the Issuer or the Guarantor, as the case may be, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the obligation to pay Additional Tax Amounts could not be avoided by taking reasonable measures, and (ii) an opinion of counsel or an opinion of a tax consultant, in either case of recognised standing with respect to tax matters of the Relevant Jurisdiction, stating that the requirement to pay such Additional Tax Amounts results from a change or amendment in the relevant regulations or laws, or the stating of an official position, referred to in this Condition 5(c).

The Trustee shall be entitled to accept and conclusively rely upon such certificate delivered by the Issuer or the Guarantor (as the case may be) and such opinion as sufficient evidence of the satisfaction of the circumstances set out in (i)(A) and (i)(B) above or (as the case may be) (ii)(A) and (ii)(B) above, in which event such evidence shall be conclusive and binding on the Holders of Securities and the Trustee shall be protected and shall have no liability to any Holders of Securities or any other person for so accepting and relying on such certificate or opinion.

Upon the expiry of any such notice as is referred to in this Condition 5(c), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(c).

(d) Redemption for accounting reasons:

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on the Issuer giving not more than 60 nor less than 30 days' notice to the Trustee, the Holders of Securities and the Agents (which notice shall be irrevocable) at their principal amount, together with Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount) if, immediately before giving such notice, the Issuer notifies the Trustee that as a result of any changes or amendments to, or any changes or amendments to any interpretation of, GAAP or any other generally accepted accounting standards that may replace GAAP for the purposes of preparing the consolidated financial statements of the Guarantor (the "**Relevant Accounting Standards**"), the Securities must not or must no longer be recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standards (an "**Accounting Event**").

Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Issuer shall deliver or procure that there is delivered to the Trustee:

- (A) a certificate, signed by an authorised officer of the Issuer or the Guarantor, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to so redeem have occurred; and
- (B) an opinion, in form and substance satisfactory to the Trustee, of the Guarantor's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standards is due to take effect,

provided, however that no notice of redemption may be given under this Condition 5(d) earlier than 90 days prior to the date on which the relevant change or amendment to, or the relevant change or amendment to the interpretation of, the Relevant Accounting Standards is due to take effect in relation to the Guarantor.

The Trustee shall be entitled to accept and conclusively rely on such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (A) and (B) of this Condition 5(d), in which event it shall be conclusive and binding on the Holders of Securities. Upon the expiry of any such notice as is referred to in this Condition 5(d), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(d) *provided* that such date for redemption shall be no earlier than the last day before the date on which the Securities must not or must no longer be so recorded as “equity” of the Guarantor pursuant to the Relevant Accounting Standards.

Upon the expiry of any such notice as is referred to in this Condition 5(d), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(d).

(e) **Redemption in the case of Change of Control Triggering Event:**

The Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 60 nor less than 30 days’ irrevocable notice to the Trustee, the Agents and the Holders of Securities at 101 per cent. of their principal amount (together with any Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) if a Change of Control Triggering Event occurs.

(f) **Redemption for a SAFE Non-compliance Event:**

Upon the occurrence of a SAFE Non-compliance Event, the Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 30 nor less than 15 days’ irrevocable notice to the Trustee, the Agents and the Holders of Securities at their principal amount (together with any Distribution accrued up to, but excluding, the redemption date (including any Arrears of Distribution and any Additional Distribution Amount)).

(g) **Redemption on the occurrence of a Breach of Covenants Event:**

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days’ irrevocable notice to the Trustee, the Agents and the Holders of Securities at their principal amount (together with any Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) upon the occurrence of a Breach of Covenants Event.

Upon the expiry of any such notice as is referred to in this Condition 5(g), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(g).

(h) **Redemption on the occurrence of an Indebtedness Default Event:**

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days’ irrevocable notice to the Trustee, the Agents and the Holders of Securities at their principal amount (together with any Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) upon the occurrence of an Indebtedness Default Event.

Upon the expiry of any such notice as is referred to in this Condition 5(h), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(h).

(i) **Redemption for minimum outstanding amount:**

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the Holders of Securities at their principal amount (together with any Distribution accrued to (but excluding) the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) if prior to the date of fixed for redemption at least 80 per cent. in principal amount of the Securities originally issued has already been cancelled.

Upon the expiry of any such notice as is referred to in this Condition 5(i), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(i).

(j) **No other redemption:**

The Issuer shall not be entitled to redeem the Securities and the Issuer shall not have any obligation to make any payment of principal in respect of the Securities otherwise than as provided in Conditions 5(a) to 5(j) inclusive.

(k) **Purchase:**

The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Securities in the open market or otherwise at any price. The Securities so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the Holder of Securities to vote at any meetings of the Holders of Securities and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders of Securities or for the purposes of Condition 8(c) or Condition 11.

(l) **Cancellation:**

All Securities so redeemed or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries shall be cancelled and may not be reissued or resold, and the obligations of the Issuer in respect of any such Securities shall be discharged.

(m) **Calculation of redemption price:**

Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption and shall not be liable to any Holder of Securities or any other person for not doing so.

6 PAYMENTS

(a) **Method of Payment:**

- (i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Securities evidenced by such Certificates) in the manner provided in paragraph (ii) of this Condition 6(a).
- (ii) Distributions on each Security shall be paid to the person shown as the Holder of Securities on the Register at the close of business on the 15th business day before the due date for payment thereof (the "**Record Date**"). Payments of Distributions on each Security shall be made in U.S. dollars by transfer to a U.S. dollar account of the Holder of Securities and (in the case of Distribution payable upon redemption) upon surrender of the Certificates evidencing the Securities redeemed.

Notwithstanding the foregoing, so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the Holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

- (iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Holder of Securities) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of a Distribution being paid is less than the amount then due, the Registrar will annotate the Register with the amount of the Distribution so paid.
- (b) **Payment initiation:** Where payment is to be made by transfer to an account in U.S. dollars, payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day) or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.
- (c) **Payments subject to fiscal laws:** All payments in respect of the Securities are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, and, except as provided in Condition 7 below, no Additional Amounts will be payable as a result of the withholding or deduction of any taxes or duties of whatever nature imposed or levied as a result of such laws, regulations or directives. No commissions or expenses shall be charged to the Holders of Securities in respect of such payments.
- (d) **Appointment of Agents:** The Principal Paying Agent, the Registrar, the Calculation Agent and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the Registrar, the Calculation Agent and the Transfer Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Holder of Securities. The Issuer reserves the right at any time with the prior written approval of the Trustee (where required in accordance with the Agency Agreement) to vary or terminate the appointment of the Principal Paying Agent, the Registrar, the Calculation Agent, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, *provided* that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent and (iv) such other agents as may be required by any stock exchange on which the Securities may be listed.

Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer to the Holder of Securities.

- (e) **Delay in payment:** Holders of Securities will not be entitled to any Distribution or other payment for any delay after the due date in receiving the amount due on a Security if the due date is not a Payment Business Day or if the Holder of Securities is late in surrendering or cannot surrender its Certificate (if required to do so).
- (f) **Non-Payment Business Days:** If any date for payment in respect of any Security is not a Payment Business Day, the Holder of Securities shall not be entitled to payment until the next following Payment Business Day nor to any Distribution or other sum in respect of such postponed payment.

7 TAXATION

All payments of principal, premium (if any) and Distribution (including any Arrears of Distribution and any Additional Distribution Amount) by or on behalf of the Issuer or the Guarantor in respect of the Securities shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within a Relevant Jurisdiction or any jurisdiction through which payments are made or any political subdivision or authority therein or thereof having power to tax (each, together with the Relevant Jurisdictions, a “**Relevant Taxing Jurisdiction**”), unless such withholding or deduction is required by law.

Where any such withholding or deduction is made by the Issuer or the Guarantor under PRC law at a rate up to and including the Applicable Rate, the Issuer or the Guarantor, as the case may be, will pay such additional amounts so that the net amount received by Holders of Securities equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

In the event that any deduction or withholding is made by the Issuer or the Guarantor (i) under PRC law at a rate in excess of the Applicable Rate or (ii) under the law of any Relevant Jurisdiction other than the PRC at any rate, the Issuer or the Guarantor, as the case may be, shall pay such additional amounts (“**Additional Tax Amounts**”) as will result in receipt by the Holders of Securities of such amounts as would have been received by them had no such withholding or deduction been required.

No Additional Tax Amounts or additional amounts payable pursuant to the preceding paragraphs (collectively, the “**Additional Amounts**”) shall be payable in respect of any Security:

- (a) held by or on behalf of a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Security by reason of it or the beneficial owner having some connection with the Relevant Taxing Jurisdiction other than the mere holding of the Security; or
- (b) in respect of which the Certificate representing it is presented (where presentation is required) for payment more than 30 days after the Relevant Date except to the extent that the Holder of it would have been entitled to such Additional Amounts on surrendering the Certificate representing such Security for payment on the last day of such period of 30 days.

References in these Conditions to principal, premium (if any) and Distribution shall be deemed also to refer to any Additional Amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Neither the Trustee nor the Agents shall be responsible for paying any tax, duty, charge, withholding or other payment referred to in this Condition 7 or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer, the Guarantor, the Holders of Securities or any other person to pay such tax, duty, charge, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), Distributions (including any Arrears of Distribution and any Additional Distribution Amount) or other amount under or in respect of the Securities without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

8 NON-PAYMENT

- (a) **Non-payment when due:** Notwithstanding any of the provisions below in this Condition 8, the right to institute proceedings for Winding-Up of the Issuer and/or the Guarantor is limited to circumstances where payment has become due. In the case of any Distribution, such Distribution will not be due if the Issuer has elected to defer that Distribution in accordance with Condition 4(d).
- (b) **Proceedings for Winding-Up:** If (i) there is a Winding-Up of the Issuer or the Guarantor, or (ii) the Issuer or the Guarantor shall not make payment in respect of the Securities or the Guarantee, as the case may be, for a period of 14 days or more after the date on which such payment is due, the Issuer and the Guarantor shall be deemed to be in default under the Trust Deed, the Securities and the Guarantee (as the case may be) and the Trustee may, subject to the provisions of Condition 8(d), institute proceedings for the Winding-Up of the Issuer and/or the Guarantor and/or prove in the Winding-Up of the Issuer and/or the Guarantor and/or claim in the liquidation of the Issuer and/or the Guarantor for such payment.
- (c) **Enforcement:** Without prejudice to Condition 8(b) but subject to the provisions of Condition 8(d), the Trustee may at its discretion and without notice to the Issuer or the Guarantor institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce any term or condition binding on the Issuer and/or the Guarantor under the Trust Deed, the Securities or the Guarantee (other than any payment obligation of the Issuer under or arising from the Securities or the Trust Deed, including, without limitation, payment of any principal or Distributions (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities, including any damages awarded for breach of any obligations) and in no event shall the Issuer or the Guarantor, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.
- (d) **Entitlement of Trustee:** The Trustee shall not and shall not be obliged to take any of the actions referred to in Condition 8(b) or Condition 8(c) above against the Issuer or the Guarantor to enforce the terms of the Trust Deed, the Securities or the Guarantee unless (i) it shall have been so requested by an Extraordinary Resolution of the Holders of Securities or in writing by the Holders of Securities of at least 25 per cent. in principal amount of the Securities then outstanding and (ii) it shall have been indemnified and/or secured and/or pre funded to its satisfaction.
- (e) **Right of Holders of Securities:** No Holder of Securities shall be entitled to proceed directly against the Issuer or the Guarantor or to institute proceedings for the Winding-Up of the Issuer or the Guarantor or claim in the liquidation of the Issuer or the Guarantor or to prove in such Winding-Up unless the Trustee, having become so bound to proceed or being able to prove in such Winding-Up or claim in such liquidation, fails to do so within a reasonable period and such failure shall be continuing, in which case the Holder of Securities shall have only such rights against the Issuer or the Guarantor as those which the Trustee is entitled to exercise as set out in this Condition 8.
- (f) **Extent of the remedy of Holders of Securities:** No remedy against the Issuer or the Guarantor, other than as referred to in this Condition 8, shall be available to the Trustee or the Holders of Securities, whether for the recovery of amounts owing in respect of the Securities or under the Trust Deed or in respect of any breach by the Issuer or the Guarantor of any of its other obligations under or in respect of the Securities, the Guarantee or under the Trust Deed.

9 PRESCRIPTION

Claims against the Issuer or the Guarantor for payment in respect of the Securities or the Guarantee shall be prescribed and become void unless made within 10 years (in the case of principal or premium, if any) or five years (in the case of Distribution) from the appropriate Relevant Date in respect of them.

10 REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or any Transfer Agent, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11 MEETINGS OF HOLDERS OF SECURITIES AND MODIFICATION

- (a) **Meetings of Holders of Securities:** The Trust Deed contains provisions for convening meetings of Holders of Securities to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Deed of Guarantee or the Agency Agreement. Such a meeting may be convened by Holders of Securities holding not less than 10 per cent. in aggregate principal amount of the Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Securities for the time being outstanding, or at any adjourned meeting two or more persons being or representing Holders of Securities whatever the principal amount of the Securities held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the dates on which principal or Distribution is payable in respect of the Securities, (ii) to reduce or cancel the principal amount of, or Distribution on, the Securities, (iii) to change the currency of payment of the Securities, (iv) to modify the provisions concerning the quorum required at any meeting of Holders of Securities or the majority required to pass an Extraordinary Resolution or (v) to modify, release or terminate the Deed of Guarantee, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Securities for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Holders of Securities (whether or not they were present at the meeting at which such resolution was passed).

A resolution in writing signed by the Holders of not less than 90 per cent. in aggregate principal amount of the Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders of Securities duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by one or more Holders of Securities.

- (b) **Modification of the Conditions, the Trust Deed, the Agency Agreement and the Deed of Guarantee:** The Trustee may (but shall not be obliged to) agree, without the consent of the Holders of Securities, to (i) any modification of any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is, in its opinion, of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is in the opinion of the Trustee not materially

prejudicial to the interests of the Holders of Securities. Any such modification, authorisation or waiver shall be binding on the Holders of Securities and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer, failing whom, the Guarantor, to the Holders of Securities as soon as practicable. The Issuer shall notify as soon as possible Moody's and Fitch of any modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee.

- (c) **Entitlement of the Trustee:** In connection with the exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 11 the Trustee shall have regard to the interests of the Holders of Securities as a class and shall not have regard to the consequences of such exercise for individual Holders of Securities, and the Trustee shall not be entitled to require on behalf of any Holder of Securities, nor shall any Holder of Securities be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders of Securities.
- (d) **Directions from Holders of Securities:** Notwithstanding anything to the contrary in these Conditions, the Trust Deed or the Agency Agreement, whenever the Trustee is required or entitled by the terms of these Conditions, the Trust Deed or the Agency Agreement to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Holders of Securities by way of an Extraordinary Resolution and shall have been indemnified and/or secured and/or prefunded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including legal fees and expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions.
- (e) **Substitution or Variation:** If a Special Event has occurred and is continuing, then the Issuer may at its option, subject to Condition 4 (without any requirement for the consent or approval of the Holders of Securities) and subject to it having satisfied the Trustee immediately prior to the giving of any notice referred to in this Condition 11(e) that the provisions of this Condition 11(e) have been complied with, and having given not less than 30 nor more than 60 days' irrevocable notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 16, the Holders of Securities, at any time either (i) substitute all, but not some only, of the Securities for, or (ii) vary the terms of the Securities with the effect that they remain or become (as the case may be), Qualifying Securities, and the Trustee shall (subject to the following provisions of this Condition 11(e) and subject to the receipt by it of the certificate of the directors of the Issuer referred to in the definition of Qualifying Securities) agree to such substitution or variation.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Securities in accordance with this Condition 11(e). In connection therewith, any outstanding Arrears of Distribution (including any Additional Distribution Amount) shall be satisfied in full in accordance with the provisions of Condition 4(d)(v).

In connection with any substitution or variation in accordance with this Condition 11(e), the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

Any such substitution or variation in accordance with the foregoing provisions of this Condition 11(e) shall not be permitted if any such substitution or variation would itself give rise to a Special Event with respect to the Securities or the Qualifying Securities.

12 FURTHER ISSUES

The Issuer may from time to time without the consent of the Holders of Securities create and issue further securities having the same terms and conditions as the existing Securities in all respects (or in all respects except for the issue date, the issue price and the first payment of Distribution on them and the timing for complying with the requirements set out in these Conditions in relation to the NDRC Post-issue Filings and the Cross-Border Security Registration); *provided* that “**Original Issue Date**” with respect to the new securities as used in Condition 3 shall be deemed to mean the initial issue date of such new securities.

The new securities subject to a further issue may, at the option of the Issuer, consolidate and form a single series with the existing Securities immediately upon issue; *provided* that (i) the Guarantor shall either (a) amend the Deed of Guarantee with respect to the existing Securities without consent from any Holders of Securities to reflect the issuance of such new securities or (b) enter into a new deed of guarantee with respect to such new securities in favour of the Trustee having substantially the same terms and conditions as the Deed of Guarantee with respect to the existing Securities; and (ii) the Guarantor undertakes to satisfy the Release Conditions with respect to the existing Securities and the new securities subject to such further issue simultaneously. For the purposes of effecting an immediate consolidation of the new securities and the existing Securities contemplated under this Condition, “**Registration Deadline**” shall mean 90 Registration Business Days after the Original Issue Date of the existing Securities.

If the Issuer elects not to consolidate the new securities subject to a further issue with the existing Securities as a single series immediately upon issue, “**Registration Deadline**” with respect to the new securities shall mean 90 Registration Business Days after the initial issue date of such new securities and the new securities will be consolidated with the existing Securities only upon both satisfaction of the Release Conditions with respect to the new securities on or prior to the Registration Deadline with respect to the new securities and satisfaction of the Release Conditions with respect to the existing Securities on or prior to the Registration Deadline with respect to the existing Securities.

13 ENFORCEMENT

At any time after the Securities become due and payable, the Trustee may, at its discretion and without further notice, institute such steps, actions or proceedings against the Issuer or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Deed of Guarantee, the Agency Agreement and the Securities, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Holders of Securities holding at least 25 per cent. in principal amount of the Securities outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Holder of Securities may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

14 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and to be paid or reimbursed for any liabilities incurred by it in priority to the claims of the Holders of Securities. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity related (directly or indirectly) to the Issuer and/or the Guarantor without accounting for any profit.

The Trustee may rely without liability to Holders of Securities, the Issuer, the Guarantor or any other person on a report, confirmation, opinion, information or certificate or any advice of any lawyers, accountants, financial advisers, financial institution or any other expert, whether or not

addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, opinion, information or certificate or advice and such report, confirmation, opinion, information or certificate or advice shall be binding on the Issuer, the Guarantor, the Trustee and the Holders of Securities.

None of the Trustee or the Agents shall be obliged to take any steps to ascertain whether a Change of Control Triggering Event, Breach of Covenants Event, an Indebtedness Default Event or a breach of Condition 4(d)(iv) has occurred or to monitor the occurrence of any Change of Control Triggering Event, Breach of Covenants Event, an Indebtedness Default Event or a breach of Condition 4(d)(iv), and shall not be liable to the Holders of Securities or any other person for not doing so.

15 CURRENCY INDEMNITY

U.S. dollar is the sole currency of account and payment for all sums payable by the Issuer and the Guarantor under or in connection with the Securities, including damages. Any amount received or recovered in a currency other than U.S. dollar (whether as a result of, or of the enforcement of, a judgement or order of a court of any jurisdiction, in the insolvency, Winding-Up or dissolution of the Issuer or the Guarantor or otherwise) by any Holder of Securities or the Trustee in respect of any sum expressed to be due to it from the Issuer or the Guarantor shall only constitute a discharge to the Issuer or the Guarantor, as applicable, to the extent of the U.S. dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the Holders of any Security or the Trustee, the Issuer and the Guarantor shall indemnify such Holder and/or the Trustee, as the case may be, against any loss sustained by any of them as a result. In any event, the Issuer and the Guarantor shall indemnify the Holder of any Security and/or the Trustee against the cost of making any such purchase. For the purposes of this Condition 15, it will be sufficient for the Holder of Securities and/or the Trustee, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantor's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder of Securities and/or the Trustee and shall continue in full force and effect despite any other judgement, order, claim or proof for a liquidated amount in respect of any sum due under any Security or any other judgement or order.

16 NOTICES

Notices to the Holders of Securities shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the Holders of the Securities shall also be published in a daily newspaper of general circulation in Asia (which is expected to be the Asian Wall Street Journal). If such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper of general circulation in Asia. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

Until such time as any definitive certificates are issued and so long as the Global Certificate is held in its entirety on behalf of Euroclear and Clearstream, any notice to the Holders of Securities shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this shall not affect any right or remedy which exists or is available apart from such Act.

18 GOVERNING LAW AND JURISDICTION

- (a) **Governing Law:** The Trust Deed, the Securities, the Deed of Guarantee and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) **Jurisdiction:** The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Securities and accordingly any legal action or proceedings arising out of or in connection with any Securities and the Guarantee (“**Proceedings**”) may be brought in such courts.
- (c) **Agent for Service of Process:** Pursuant to the Trust Deed, the Guarantor has irrevocably appointed the Issuer to receive service of process in any Proceedings in Hong Kong based on any of the Securities.
- (d) **Waiver of Immunity:** To the extent that each of the Issuer and the Guarantor may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgement or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), each of the Issuer and the Guarantor agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

19 DEFINITIONS

In these Conditions:

“**Accounting Event**” has the meaning ascribed to it in Condition 5(d);

“**Additional Amounts**” has the meaning ascribed to it in Condition 7;

“**Additional Distribution Amount**” has the meaning ascribed to it in Condition 4(d)(iii);

“**Additional Tax Amounts**” has the meaning ascribed to it in Condition 7;

“**Applicable Rate**” means (i) in the case of withholding or deduction of PRC enterprise income tax, 10%, (ii) in the case of withholding or deduction of PRC value added tax (including any related local levies), 6.72%, and (iii) in the case of withholding or deduction of both PRC enterprise income tax and PRC value added tax (including any related local levies), 10% for PRC enterprise income tax and 6.72% for PRC value added tax (including any related local levies);

“**Arrears of Distribution**” has the meaning ascribed to it in Condition 4(d)(iii);

“**Authorised Denomination**” has the meaning ascribed to it in Condition 1(a);

“**Breach of Covenants Event**” means the occurrence of (a) a Covenant Breach and (b) the Trustee or the Holders of Securities holding 25 per cent. or more in aggregate principal amount of the Securities outstanding gives notice in writing to the Issuer that the Distribution Rate will be adjusted in accordance with Condition 4(e) unless the Securities are redeemed in accordance with Conditions 4(e) and 5(g);

“**business day**” means:

- (a) in respect of Condition 2, any day, excluding a Saturday, Sunday or other day on which commercial banks are not open for general business (including dealings in foreign currencies) in the city in which the specified office of the Registrar or (as the case may be) the relevant Transfer Agent with whom a Certificate is deposited in connection with a transfer or exchange, is located;
- (b) in respect of Condition 3, any day, excluding a Saturday, a Sunday or other day on which commercial banks are not open for general business (including dealings in foreign currencies) in PRC;
- (c) in respect of Condition 4, any day, excluding a Saturday, a Sunday or other day on which commercial banks are not open for general business (including dealings in foreign currencies) in Hong Kong and London; and
- (d) in respect of Condition 6, any day, excluding a Saturday, a Sunday or other day on which commercial banks are not open for general business (including dealings in foreign currencies) in the city of the Registrar’s specified office;

“**Call Date**” has the meaning ascribed to it in Condition 5(b);

“**Capital Stock**” means any and all shares, interests (including joint venture interests), participations or other equivalents (however designated) of capital stock of a corporation or any and all equivalent ownership interests in a Person (other than a corporation);

“**Certificate**” has the meaning ascribed to it in Condition 2(a);

“**Change of Control**” means the occurrence, at any time, of any of the following:

- (a) the Guarantor ceasing to own and control directly or indirectly 100 per cent. of the Voting Shares of the Issuer; or
- (b) any Person or group of Persons acting in concert is or becomes the beneficial owner directly or indirectly, of total voting power of the Voting Shares of the Guarantor greater than such total voting power held directly or indirectly by the State-owned Assets Supervision and Administration Commission of Shandong Province;

“**Change of Control Triggering Event**” means a Change of Control, *provided that*, in the event that the Securities are, on the Rating Date, rated Investment Grade by two or more Rating Agencies, a Change of Control Triggering Event shall mean the occurrence of both a Change of Control and a Rating Decline. No Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated;

“**Comparable Treasury Issue**” means the US Treasury security having a maturity of five years that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity of five years;

“**Covenant Breach**” means a non-compliance and/or non-performance by the Issuer and/or the Guarantor of any one or more of its obligations and covenants set out in Condition 3 or the Deed of Guarantee;

“**Cross-border Security Registration**” has the meaning ascribed to it in Condition 3(b);

“**Distribution**” has the meaning ascribed to it in Condition 4(a);

“**Distribution Payment Date**” has the meaning ascribed to it in Condition 4(a);

“**Distribution Rate**” has the meaning ascribed to it in Condition 4(b);

“**Enforcement Event**” means any of the events described in Condition 8(a) or Condition 8(b), being (i) non-payment of any amount for a period of 14 days or more after the date on which such amount is due or (ii) the Winding-Up of the Issuer or the Guarantor;

“**First Call Date**” has the meaning ascribed to it in Condition 4(b)(i);

“**Fitch**” means Fitch Inc., a subsidiary of Fimalac, S.A., and its successors;

“**GAAP**” means the accounting principles generally accepted in, and pursuant to the relevant laws of, the People’s Republic of China in effect from time to time;

“**Gross-Up Event**” has the meaning ascribed to it in Condition 5(c);

“**Guarantee**” has the meaning ascribed to it in Condition 1(c);

“**Holder**” has the meaning ascribed to it in Condition 2(a);

“**Holders of Securities**” has the meaning ascribed to it in Condition 2(a);

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“**Indebtedness**” of any Person means, at any date, without duplication, (i) any outstanding indebtedness for or in respect of money borrowed (including bonds, debentures, notes or other similar instruments, whether or not listed) that is evidenced by any agreement or instrument, excluding trade payables, (ii) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument, and (iii) all Indebtedness of others guaranteed by such Person;

“**Indebtedness Default Event**” means the occurrence of one or more of the following events (and such event is continuing): (i) any Indebtedness of the Issuer, the Guarantor or any Principal Subsidiary is not paid when due or (as the case may be) within any originally applicable grace period; (ii) any such Indebtedness becomes due and payable prior to its stated maturity other than at the option of the Issuer, the Guarantor or (as the case may be) the relevant Principal Subsidiary or (*provided* that no event of default, however described, has occurred) any person entitled to such Indebtedness; or (iii) the Issuer, the Guarantor or any Principal Subsidiary fails to pay when due any amount payable by it under any guarantee of any Indebtedness; *provided* that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds US\$100,000,000 (or its equivalent in any other currency or currencies);

“**Independent Investment Bank**” means an independent investment bank of international repute (acting as an expert) selected by the Issuer (at the expense of the Issuer) and notified in writing to the Trustee;

“**Initial Distribution Rate**” means 3.75 per cent. per annum;

“**Junior Securities**” means (a) in respect of the Issuer, any class of the Issuer’s share capital (including without limitation any preference shares) and any Subordinated Indebtedness issued or guaranteed by the Issuer; and (b) in respect of the Guarantor, any class of the Guarantor’s share capital (including without limitation any preference shares) and any Subordinated Indebtedness issued or guaranteed by the Guarantor;

“**Lien**” means any mortgage, charge, pledge, lien, encumbrance, hypothecation, title retention, security interest or security arrangement of any kind;

“**Listed Subsidiary**” means a Subsidiary the Voting Shares of which are listed for trading on any recognised stock exchange;

“**Moody’s**” means Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its successors;

“**NDRC**” means the National Development and Reform Commission of the PRC or its local counterparts;

“**NDRC Post-issue Filing**” has the meaning ascribed to it in Condition 3(g);

“**New York Business Day**” means any day, excluding a Saturday and a Sunday, on which banks are open for general business (including dealings in foreign currencies) in New York City;

“**Optional Deferral Event**” has the meaning ascribed to it in Condition 4(d)(i);

“**Optional Deferral Notice**” has the meaning ascribed to it in Condition 4(d)(i);

“**Original Issue Date**” means 14 September 2017;

“**Parity Securities**” means (a) in respect of the Issuer, any instrument or security issued, entered into or guaranteed by the Issuer, which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Securities; and (b) in respect of the Guarantor, any instrument or security issued, entered into or guaranteed by the Guarantor, which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Guarantee;

“**Payment Business Day**” means a day (other than a Saturday or a Sunday or a public holiday in Hong Kong and New York City) on which commercial banks and foreign exchange markets are open for business and settlement of U.S. dollar payments in New York City, Hong Kong and the place in which the specified office of the Principal Paying Agent is located and where payment is to be made by transfer to a U.S. dollar account, the place on which foreign exchange transactions may be carried on in U.S. dollars in the principal financial centre of the country of such currency;

“**Person**” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, government or any agency or political subdivision thereof or any other entity;

“**PRC**” means the People’s Republic of China, which shall for the purposes of these Conditions, exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan;

“**Principal Subsidiary**” at any time shall mean one of the Guarantor’s Subsidiaries

(a) as to which one or more of the following conditions is/are satisfied:

- (i) its revenue or (in the case of one of the Guarantor’s Subsidiaries which has one or more Subsidiaries) consolidated revenue is at least five per cent. of the Guarantor’s consolidated revenue;
- (ii) its net profit or (in the case of one of the Guarantor’s Subsidiaries which has one or more Subsidiaries) consolidated net profit attributable to the Guarantor (in each case before taxation and exceptional items) is at least five per cent. of the Guarantor’s consolidated net profit (before taxation and exceptional items); or

- (iii) its total assets or (in the case of one of the Guarantor's Subsidiaries which has one or more Subsidiaries) consolidated net assets attributable to the Guarantor (in each case after deducting minority interests in Subsidiaries) are at least five per cent. of the Guarantor's consolidated total assets (after deducting minority interests in Subsidiaries);

all as calculated by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of the Guarantor's Subsidiary and the Guarantor's then latest consolidated financial statements, *provided* that: (1) in the case of a Subsidiary of the Guarantor acquired after the end of the financial period to which the then latest consolidated audited financial statements of the Guarantor relate, the reference to the then latest audited financial statements of the Guarantor and its Subsidiaries for the purposes of the calculation above shall, until audited financial statements for the financial period in which the acquisition is made are published, be deemed to be a reference to the then latest audited financial statements of the Guarantor and its Subsidiaries adjusted to consolidate the latest audited financial statements (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such financial statements; (2) if, in the case of a Subsidiary of the Guarantor which itself has one or more Subsidiaries, no consolidated financial statements are prepared and audited, its consolidated revenue, net assets and net profits shall be determined on the basis of pro forma consolidated financial statements of the relevant Subsidiary and its Subsidiaries prepared for this purpose and opined on by its auditors; or (3) if the financial statements of a Subsidiary of the Guarantor (not being a Subsidiary referred to in (1) above) are not consolidated with those of the Guarantor then the determination of whether or not the Subsidiary is a Principal Subsidiary shall, if the Guarantor requires, be based on a pro forma consolidation of its financial statements (consolidated, if appropriate) with the consolidated financial statements of the Guarantor and its Subsidiaries; or

- (b) to which is transferred all or substantially all of the assets of the Guarantor's Subsidiary which immediately prior to the transfer was a Principal Subsidiary, *provided* that, with effect from such transfer, the Subsidiary which so transfers its assets and undertakings shall cease to be a Principal Subsidiary (but without prejudice to paragraph (i) above) and the Guarantor's Subsidiary to which the assets are so transferred shall become a Principal Subsidiary.

A certificate of the Guarantor's auditors as to whether or not the Guarantor's Subsidiary is a Principal Subsidiary shall be conclusive and binding on all parties in the absence of manifest error;

“Qualifying Securities” means securities that:

- (a) have terms not materially less favourable to an investor than the terms of the Securities, and *provided* that certification to such effect (and confirming that the conditions set out in (i) to (iii) below of this definition have been satisfied) of (a) two directors of the Issuer and (b) an Independent Investment Bank, shall have been delivered to the Trustee prior to the substitution or variation of the relevant Securities upon which certificates the Trustee shall rely absolutely and conclusively, *provided* that (i) they are issued by the Issuer or any wholly-owned direct or indirect finance Subsidiary of the Guarantor; (ii) they are unconditionally and irrevocably guaranteed by the Guarantor, which shall rank *pari passu* with the Guarantee on the Winding-Up of the Guarantor, subject to receipt by the Trustee of any legal opinion reasonably requested by it, which opinion shall be satisfactory to the Trustee; and (iii) they (or, as appropriate, the guarantee as aforesaid) shall rank *pari passu* on a Winding-Up with the Securities, shall preserve the rights of the Holders of Securities to any Arrears of Distribution, any Additional Distribution Amount and any other payment that has accrued with respect to the relevant securities, and shall contain terms which provide at least for the same Distribution Rate, Distribution Payment Dates and redemption events, from time to time applying to the Securities and otherwise have substantially identical (as reasonably determined by the Issuer

and the Independent Investment Bank) terms to the Securities, save where any modifications to such terms are required to be made to avoid the occurrence of a Special Event;

- (b) are listed on The Stock Exchange of Hong Kong Limited or the Singapore Exchange Securities Trading Limited or such other stock exchange of international standing regularly used for the listing and quotation of debt securities offered and traded in the international markets; and
- (c) carry an investment grade rating from at least one of the Rating Agencies;

“Rating Agencies” means (i) S&P; (ii) Moody’s; (iii) Fitch; and (iv) if one or more of S&P, Moody’s or Fitch shall not make a rating of the Securities publicly available, any United States nationally recognised securities rating agency or agencies, as the case may be, selected by the Guarantor, which shall be substituted for S&P, Moody’s or Fitch or any combination thereof, as the case may be;

“Rating Date” means, in connection with a Change of Control Triggering Event, that date which is 90 calendar days prior to the earlier of (i) a Change of Control and (ii) a public notice of the occurrence of a Change of Control or of the intention by the Guarantor or any other Person or Persons to effect a Change of Control;

“Rating Decline” means, in connection with a Change of Control Triggering Event, the occurrence on, or within six months after, the date, or public notice of the occurrence of, a Change of Control or the intention by the Guarantor or any other person or persons to effect a Change of Control (which period shall be extended (by no more than an additional three months after the consummation of the Change of Control) so long as the rating of the Securities is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any of the events listed below: (i) in the event the Securities are (a) on the Rating Date (x) rated by three Ratings Agencies and (y) rated Investment Grade by each such Rating Agency, and (b) cease to be rated Investment Grade by at least two of such Rating Agencies; or (ii) in the event the Securities are (a) on the Rating Date (x) rated by two but not more Ratings Agencies and (y) rated Investment Grade by each such Rating Agency, and (b) cease to be rated Investment Grade by both such Rating Agencies;

“Record Date” has the meaning ascribed to it in Condition 6(a)(ii);

“Register” has the meaning ascribed to it in Condition 2(a);

“Registration Business Day” means a day, other than a Saturday, Sunday or a public holiday, on which the SAFE branch in Weifang, Shandong is open for business;

“Registration Deadline” means the day falling 90 Registration Business Days after the Original Issue Date;

“Release Condition” means the receipt by the Trustee of:

- (a) a certificate in substantially the form set out in the Trust Deed of a director or duly authorised officer of the Guarantor confirming (A) the completion of the Cross-border Security Registration has occurred and (B) no Relevant Event has occurred; and
- (b) a certified true copy of the relevant registration certificate issued by the SAFE and the particulars of registration;

“Relevant Accounting Standards” has the meaning ascribed to it in Condition 5(d);

“**Relevant Date**” in respect of any Security means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Holders of Securities that, upon further surrender of the Certificate representing such Security being made in accordance with the Conditions, such payment will be made, *provided* that payment is in fact made upon such surrender;

“**Relevant Event**” has the meaning ascribed to it in Condition 4(e)(i);

“**Relevant Indebtedness**” of any Person means, at any date, Indebtedness incurred or issued outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market without regard, however, to whether such securities are sold through public offering or private placements (which for the avoidance of doubt shall not include any indebtedness under any transferrable loan facilities or agreements (including any drawing down of any existing credit line or facility of the Issuer, the Guarantor or any of the Guarantor’s Subsidiaries));

“**Relevant Jurisdiction**” means Hong Kong, the PRC or any other jurisdiction in which the Issuer or the Guarantor is or becomes tax resident, in each case including any political subdivision or any authority therein or thereof having power to tax;

“**Relevant Reset Distribution Rate**” means a rate of interest expressed as a percentage per annum equal to the sum of (a) the initial spread of 2.084 per cent., (b) the Treasury Rate and (c) a margin of 4.00 per cent. per annum;

“**Relevant Taxing Jurisdiction**” has the meaning ascribed to it in Condition 7;

“**Reset Date**” means the First Call Date and each day falling every five years after the First Call Date;

“**S&P**” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors;

“**SAFE**” means the Shandong Weifang Branch of the State Administration of Foreign Exchange;

“**SAFE Non-compliance Event**” means the Release Condition is not fulfilled on or prior to the Registration Deadline;

“**SGX-ST**” means the Singapore Exchange Securities Trading Limited;

“**Special Event**” means a Gross-Up Event, an Accounting Event or any combination of the foregoing;

“**Subordinated Indebtedness**” means all indebtedness for money borrowed or raised which, in the event of the Winding-Up of the issuer or guarantor thereof, ranks or is expressed to rank, by its terms or by operation of law, in right of payment behind the claims of unsecured and unsubordinated creditors of such issuer or guarantor, and for this purpose indebtedness shall include all liabilities, whether actual or contingent;

“**Subsidiary**” means, in relation to any Person (the “**first Person**”) at any particular time, any other Person (the “**second Person**”): (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

“**Treasury Rate**” means the rate notified by the Calculation Agent to the Issuer and the Holders of Securities (in accordance with Condition 16) in per cent. per annum equal to the yield, under the heading that represents the average for the week immediately prior to two New York Business Days prior to each Reset Date for calculating the Relevant Reset Distribution Rate under Condition 4(b)(ii), appearing in the most recently published statistical release designated “H.15(519)” and appearing in <https://www.federalreserve.gov/releases/h15/current/default.htm> or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded US Treasury securities adjusted to constant maturity under the caption “Treasury constant maturities” for the maturity corresponding to the Comparable Treasury Issue. If such release (or any successor release) is not published during the week preceding the relevant date referred to in the above of this definition (as applicable) or does not contain such yields, “Treasury Rate” means the rate in per cent. per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the relevant date fixed for redemption under Condition 5(d) or the applicable Reset Date under Condition 4(b) (as applicable);

“**Voting Shares**” means, with respect to any Person, the Capital Stock having the general voting power under ordinary circumstances to vote on the election of the members of the board of directors or other governing body of such Person (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency); and

“**Winding-Up**” means an order by a competent authority or effective resolution for the winding-up, liquidation or similar proceedings in respect of the Issuer or the Guarantor (as applicable).

SUMMARY OF PROVISIONS RELATING TO THE SECURITIES IN GLOBAL FORM

The Global Securities Certificate contains provisions which apply to the Securities while they are in global form, some of which modify the effect of the Terms and Conditions of the Securities set out in this Offering Circular. The following is a summary of certain of those provisions.

Terms defined in the Terms and Conditions of the Securities set out in this Offering Circular have the meaning in the paragraphs below.

The Securities will be evidenced by a Global Securities Certificate deposited with a common depository for, and representing Securities registered in the name of a nominee of, Euroclear and Clearstream.

The Global Securities Certificate will become exchangeable in whole, but not in part, for definitive certificates if Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business.

Whenever the Global Securities Certificate is to be exchanged for definitive certificates, such definitive certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Securities Certificate within five business days of the delivery, by or on behalf of the registered Holder of the Global Securities Certificate, Euroclear and/or Clearstream, to the Registrar of such information as is required to complete and deliver such definitive certificates (including, without limitation, the names and addresses of the persons in whose names the definitive certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Securities Certificate at the Specified Office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement of the Securities and the regulations concerning the transfer and registration of Securities scheduled thereto and, in particular, shall be effected without charge to any Holder or the Trustee, but against such indemnity, security and/or pre-funding as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

In addition, the Global Securities Certificate will contain provisions that modify the Terms and Conditions of the Securities as they apply to the Securities evidenced by the Global Securities Certificate. The following is a summary of certain of those provisions:

Payments Business Days: In the case of all payments made in respect of the Global Securities Certificate, "business day" means a day (other than a Saturday, a Sunday or a public holiday) on which banks and foreign exchange markets are open for business in Hong Kong, London, New York City and the place in which the specified office of the Principal Paying Agent is located and where payment is to be made by transfer to an account maintained with a bank in U.S. dollars, the place on which foreign exchange transactions may be carried on in U.S. dollars in the principal financial centre of the country of such currency.

Payment: Each payment in respect of the Global Securities Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Perpetual Securities Clearing System Business Day before the due date for such payment where "**Perpetual Securities Clearing System Business Day**" means a day on which each clearing system for which the Global Securities Certificate is being held is open for business.

Notices: Notwithstanding Condition 16 (Notices) of the Terms and Conditions of the Securities, so long as the Global Securities Certificate is held on behalf of Euroclear, Clearstream or any other clearing system (a "**Securities Alternative Clearing System**"), notices to Holders of Securities represented by the Global Securities Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream or (as the case may be) such Securities Alternative Clearing System.

DESCRIPTION OF THE ISSUER

FORMATION

The Issuer was incorporated in Hong Kong on 19 November 2012 under the Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong) with company number 1827462. On 31 July 2015, the Issuer was converted into a public company upon registration at the Company Registry. The registered office of the Issuer is located at Room 3407-08, 34th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong. The Issuer is a direct and wholly owned subsidiary of the Guarantor as at the date of this Offering Circular.

SHARE CAPITAL

As at the date of this Offering Circular, the authorised share capital of the Issuer is HK\$10,000,000.00 divided into 10,000,000 ordinary shares of HK\$1.00 each, and all the shares have been issued as fully paid. The shares of the Issuer are not listed on any stock exchange and no listing or permission to deal in such shares is being or is proposed to be sought as at the date of this Offering Circular.

BUSINESS ACTIVITIES

As at the date of this Offering Circular, the Issuer has not engaged in any material activities. The Issuer has no outstanding borrowings or contingent liabilities other than the US\$400 million 4.125 per cent. guaranteed bonds due 2020 issued on 30 September 2015 and the proposed issue of the Securities. The Guarantor anticipates that the Issuer will be a major offshore financing platform of the Group. As at the date of this Offering Circular, the Issuer has no subsidiaries or employees.

For so long as any Securities remains outstanding, the Issuer will conduct no business or any other activities other than to finance the business operations of the Guarantor or one or more companies controlled by the Guarantor through the offering, sale or issuance of securities and borrowings of indebtedness and investing in or lending the proceeds of the sale or issuance to the Guarantor or a company controlled by the Guarantor.

FINANCIAL STATEMENTS

Under Hong Kong law, the Issuer as a public company is required to file with the Hong Kong Companies Registry its audited financial statements with its annual return for the corresponding financial year. In addition, the Issuer is required to keep proper books of account as are necessary to give a true and fair view of the state of the Issuer's financial affairs and to explain its transactions.

DIRECTORS

As at the date of this Offering Circular, the directors of the Issuer are Mr. Kwong Kwan Tong, Mr. Ma Changhai and Ms. Hu Yunyun.

LEGAL PROCEEDINGS

The Issuer is not involved in any litigation or arbitration proceedings, and it is not aware of any pending or threatened action against it.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is one of the leading manufacturers of automotive and equipment products in China. According to the data compiled by the CAAM and the CCMA, the Group is the largest supplier of diesel engines used for heavy-duty trucks with a load capacity of 15 tonnes (and above) and wheel loaders with a load capacity of five tonnes in terms of sales volume both in 2016 and in the first half of 2017. In 2017, the Group was ranked No. 76 among Top 500 Enterprises of China by Fortune Magazine, and was awarded the “China Trademark Awards - Trademark Innovation Award” (中國商標金獎 — 商標創新獎) jointly by the State Administration for Industry and Commerce of the PRC and the World Intellectual Property Organisation. As a component of a number of major indices of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, the Guarantor had a total market capitalization of approximately RMB56.8 billion as at 31 August 2017.

The Group is considered as one of the most important state-owned enterprises in Shandong Province and is the backbone of Shandong’s industrial development. It has a long standing relationship with the Shandong Provincial Government and maintains close interactions with its direct controlling shareholder, Weichai Holdings. The Group’s business operation can be traced back to 1946 when Weifang Diesel was established as one of the first diesel engine manufacturers in China. The Group experienced rapid growth in the past decades. Now the Group has a diversified product portfolio covering powertrain, provision of warehouses technology and supply chain solution services, heavy-duty trucks, construction machinery, hydraulic devices, forklift trucks and related components. The Group currently manages its business in the following five segments:

- *Diesel engine manufacturing.* The Group has over half-century of experience in the research, development and manufacturing of diesel engines with a wide range of applications, including engines used for trucks, passenger vehicles, vessels, construction and agriculture machinery and power generators. As at 30 June 2017, the Group manufactured and sold more than 20 series of diesel engines, in various displacement ranging from 2L to 40L (inclusive) and power ranging from 20kw to 1,100kw (inclusive). The Group sells its engines primarily to leading automobile and heavy machinery manufacturers and OEM customers in China and to more than 110 overseas countries. According to the data compiled by CAAM and the CCMA, the Group was the largest supplier of diesel engines used for heavy-duty trucks with a load capacity of 15 tonnes (and above) and wheel loaders with a load capacity of five tonnes in terms of sales volume both in 2016 and in the first half of 2017. During the six months ended 30 June 2017, the Group’s sales volume of engines was approximately 302,000 units, representing an increase of 68.1 per cent. compared to its sales volume (including the engines sold by Weichai Medium) during the same period in 2016.
- *Forklift trucks production and warehouses technology and supply chain solution services.* The Group conducts forklift trucks production and provides warehouse technology and supply chain solution services through KION and its subsidiaries. KION is the largest manufacturer of industrial trucks in Europe and the world’s second largest manufacturer of forklift trucks, according to Mckinsey & Company, and a leading provider of warehouse technology and supply chain solution services in 2016. Dematic, KION’s recently acquired global brand, is ranked No.3 in terms of total revenue of automated material handling system suppliers in the world in 2016, according to Modern Materials Handling magazine, a monthly business-to-business magazine founded in 1946. In 2016, the Group’s sales volume of forklift trucks was approximately 178,000 units, representing an increase of 7.5 per cent. compared to the sales volume in 2015.

- *Automobiles and major automobile components (excluding engines).* The Group manufactures and sells a diverse portfolio of heavy-duty trucks to more than 90 countries around the world, including tractors, dump trucks, cement mixers and transport trucks, and certain major automobile components, such as gearboxes, gears and axles. The Group operates this business segment mainly through Shaanxi Zhongqi, one of the Top 500 Enterprises of China. According to the CAAM, the Group is the fourth largest heavy-duty truck manufacturer in China in terms of sales volume both in 2016 and in the first half of 2017. The Group manufactures and sells heavy-duty gearboxes mainly through Fast Gear, a subsidiary of the Guarantor. According to the CAAM, the Group is the largest manufacturer of gearboxes used for heavy-duty trucks in China in terms of sales volume both in 2016 and in the first half of 2017. During the six months ended 30 June 2017, the Group's sales volume of heavy-duty trucks and heavy-duty gearboxes was approximately 73,000 units and 427,000 units, respectively, representing an increase of 94.7 per cent. and 73.8 per cent., respectively, compared to the sales volume during the same period in 2016.
- *Other automobile parts and components.* The Group engages in the production and sales of other automobile parts and components, primarily including spark plugs, hydraulic parts and chassis. It is among the largest manufacturers of spark plugs in China in terms of sales volume both in 2016 and in the first half of 2017. The Group manufactures and sells hydraulic controlling parts primarily through Linde Hydraulics and its subsidiaries and affiliates in Europe and China. Linde Hydraulics, whose operation can be traced back to 1904, is based in Aschaffenburg, Germany, and is a global developer and supplier of modular drive systems consisting of hydraulics, electrical engineering and electronics.
- *Import and export services.* The Group sells selected diesel engines, provides after-sale services, and provides technology supports overseas as part of its efforts to implement its global expansion strategy. In addition to KION's established global presence, the Group currently has three overseas manufacturing bases in France, India and Thailand, and the Group exports selected products to countries of Asia Pacific, Africa and South Asia and technology to Myanmar and Ethiopia.

For the six months ended 30 June 2017, revenue from each of the above five segments, after eliminating inter-segment sales, was RMB14,043.5 million, RMB28,440.0 million, RMB1,187.9 million, RMB68.2 million and RMB28,573.7 million, respectively, representing 19.4 per cent., 39.3 per cent., 1.7 per cent., 0.1 per cent. and 39.5 per cent., respectively, of the Group's total revenue.

The Group has established global production capabilities, covering a wide range of products and services in the automotive and equipment manufacturing business. As at 31 December 2016, the Group had a total designed production capacity for diesel engines of approximately 700,000 units per year and a total designed production capacity for heavy-duty trucks of approximately 165,000 units per year. The Group has manufacturing bases and R&D centres operated by KION in Wiesbaden and Aschaffenburg, Germany, which focus on forklift trucks. As at 31 December 2016, KION operated 15 production facilities for forklift trucks and components in eight countries. In addition to KION's established global presence, the Group currently has eight manufacturing bases globally, including:

- a Weifang-centred manufacturing base focusing on all-series engine products;
- a Xi'an-centred manufacturing base focusing on heavy-duty trucks and transmission systems;
- a Chongqing-centred manufacturing base focusing on large-horsepower engines and automobiles;
- a Zhuzhou-centred manufacturing base focusing on automotive electronics and parts;
- a Yangzhou-centred manufacturing base focusing on light-duty vehicle engines;

- two manufacturing bases focusing on diesel engines in India and France; and
- a manufacturing base focusing on transmission products in Thailand.

The Group has leading design and research capabilities relating to the development of powertrain systems. The Group has a State-level laboratory which is the only corporate laboratory in the internal combustion engine industry that has been listed on the Key State-level Corporate Laboratories published by the Ministry of Science and Technology of the PRC, a modern National Corporate Technological Centre, and a top-class product testing centre in China. In June 2017, the Product Testing Centre of Weichai Institute of Technology was certified by EPA, making it the only testing centre being certified by EPA in China, according to the official website of the Shandong SASAC. The Group has established a post-doctoral program and set up research and development centres in the US, Europe, and cities of Weifang, Shanghai, Chongqing, Yangzhou and Xi'an in China. By leveraging its leading R&D platform and extensive R&D resources, the Group has undertaken 22 national projects that have been acknowledged as the "863 Projects" (which represents China's highest level of technology research and development projects), seven provincial R&D projects and participated in setting up more than 65 industry and national standards. The Group successfully developed engine models that met the requirements of the China No. III, IV and V National Emission Standards and Euro No. VI Emission Standards before the relevant standards were released. As at 30 June 2017, the Group globally had approximately 2,500 registered patents and more than 1,300 registered trademarks relating to its engine, heavy-duty truck and gearbox products.

For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the Group's revenue was RMB79,637.2 million, RMB74,167.7 million, RMB93,183.5 million, RMB42,561.4 million and RMB72,313.3 million, respectively. During the same periods, the Group had net profit of RMB5,718.2 million, RMB2,198.1 million, RMB3,596.3 million, RMB1,621.2 million and RMB3,476.1 million, respectively. As at 30 June 2017, the Group's total assets were RMB181,052.3 million.

COMPETITIVE STRENGTHS

The Guarantor believes that its business success is largely attributable to the following key competitive strengths:

A leading automotive and equipment manufacturer with strong brand recognition

The Group is one of the leading manufacturers of automotive and equipment in China. The Group specialises in the research, development and manufacturing of powertrain products, heavy-duty trucks, construction machinery and related components. The Group manufactures and sells its engine products across China and to more than 110 overseas countries. After decades of robust development, the Group has developed a diverse product portfolio that enables the Group to engage in most major sectors of the automotive value chain, including powertrain and engine production, automotive and parts manufacturing and modern logistics and supply chain management.

In 2016, the Group had top leading positions in the following segments:

- No.1 in domestic sales of engines for use in heavy-duty trucks in China (according to the CAAM);
- No.1 in domestic sales of engines for use in construction machinery with a load capacity of 5 tonnes in China (according to the CCMA);
- No. 1 in domestic sales of gearboxes used for heavy-duty trucks in China (according to the CAAM);
- No.1 in sales of forklift trucks in Europe and No. 2 in the world (according to Mckinsey & Company);

- No.4 in domestic sales of heavy-duty trucks in China (according to the CAAM); and
- No.3 in terms of total revenue of automated materials handling systems suppliers in the world (according to Modern Materials Handling magazine).

The Group's in-depth understanding of its customers and industries allows it to develop products and services that are able to address its customer's needs and challenges. The Group's strong brand recognition is evident in the large number of prestigious national awards and honours the Group has received in the automotive and equipment manufacturing industry around the world. In 2017, the Group was ranked No. 76 among Top 500 Enterprises of China by Fortune Magazine. In the same year, the Group was awarded the "China Trademark Awards - Trademark Innovation Award" (中國商標金獎 — 商標創新獎) jointly by the State Administration for Industry and Commerce of the PRC and the World Intellectual Property Organisation, being the first company in the Chinese engine manufacturing industry and the only equipment manufacturing company in Shandong Province that receives this award, according to the official website of the People's Government of Weifang City of Shandong Province, China. The Group's registered trademarks "Weichai Power Engine," "Fast Gear," "Hande Axle" and "Shanqi Heavy Duty Truck" and related products have been recognised as "Chinese Famous Products" and "Well-known Trademarks" in China by the State Administration of Industry and Commerce of the PRC. In 2016, "Weichai Power" was listed on the China's 500 Most Valuable Brands (中國500最具價值品牌) of 2016 by the World Brand Lab. See "Description of the Group — Awards".

A leading industry innovator with strong R&D capabilities and cutting-edge technologies

R&D is a core pillar of the Group's continuous success. The Group has leading design and research capabilities relating to the development of auto powertrain systems and products. As at the date of this Offering Circular, the Group has developed more than 20 series of diesel engines, in various displacement ranging from 2L to 40L (inclusive) and power ranging from 20kw to 1100kw (inclusive). These engines meet the requirements of the China No. III, IV and V National Emission Standards and Euro No. VI Emission Standards and can be used for commercial vehicles, machinery construction, agricultural equipment, industrial power, power generation and vessels.

The Group has a State-level laboratory which is the only corporate laboratory in the internal combustion engine industry that is listed on the Key State-level Corporate Laboratories published by the Ministry of Science and Technology of the PRC, a modern National Corporate Technological Centre, and a top-class product testing centre in China. In June 2017, the Product Testing Centre of Weichai Institute of Technology was certified by EPA, making it the only testing centre being certified by EPA in China, according to the official website of the Shandong SASAC. The Group has established a post-doctoral program and set up research and development centres in the US, Germany, France, and cities of Weifang, Shanghai, Chongqing, Yangzhou and Xi'an in China. The Group actively collaborates with key research institutions and universities to drive technology innovation and development, such as Tsinghua University and Massachusetts Institute of Technology. The Group's R&D capabilities are also evident from the significant amount of intellectual property that it has developed. As at 30 June 2017, the Group globally had approximately 2,500 registered patents and more than 1,300 registered trademarks relating to its engine, heavy-duty truck and gearbox products. The Group was awarded the "Most Innovative Industrial State Owned Enterprise" (最具創新的國有工業企業) in the Best Innovator China 2015 Award Ceremony (2015年中國最佳創新企業評選頒獎典禮) co-organised by A.T. Kearney, an internationally management consulting firm and Bloomberg Businessweek, Chinese Edition in 2016. As at 31 December 2016, by leveraging its leading R&D platform and extensive R&D resources, the Group undertook and participated in 22 national projects that have been acknowledged as the "863 Projects" (which represents China's highest level of technology research and development projects), seven provincial R&D projects and participated in forming more than 65 industry and national standards.

In recent years, the Group has made substantial investment in new energy products, nurturing its technology strengths for future development. For example, the Group has successfully developed new energy powertrain products with full power system coverage, including parallel system, hybrid system, pure electric system and extended range system. The Group has also launched new energy commercial vehicles and new energy forklift trucks. In 2016, the Company acquired 33.5 per cent. of the issued share capital of Foresight Energy which engages in fuel cell technology development and products manufacturing in China. The Group believes that its investment in Foresight Energy demonstrated its commitment to further strengthen its layout in new energy area and to pave the way for future technology development and product upgrades.

A proven track record of strategic acquisition, business integration and organic expansion to support successful business transformation

The Group has a proven track record of strategic acquisition and integrating and expanding its business, and its ability to establish this track record is key to a successful transformation of the Group from a leading automotive and equipment manufacturer to an integrated total solution services provider in the Chinese automotive and equipment manufacturing industry.

The Group's acquisition and integration of KION and Linde Hydraulics in 2012 have helped to diversify the Group's business portfolio to include the development of forklift trucks, hydraulic control parts and warehousing technologies, and has allowed it to benefit from KION's world-leading position in forklift truck and warehouse technologies, extensive sales networks, strong customer base and brand awareness in Europe and elsewhere in the world. Resources sharing and intragroup cooperation with KION and Linde Hydraulics have given the Group the opportunity to exploit the "European quality + China cost" model, which the Group believes is a key factor of its quick recovery from an industry downturn since 2015.

During the last two years, the Group acquired several international suppliers of advanced integrated automation technologies, such as Egemin, Retrotech and Dematic. The combination of KION's materials handling hardware and Dematic's advanced technologies in integrated and intelligent supply chain management systems completes an automated logistics industry chain, thereby transforming KION from a technology-driven equipment manufacturer to an integrated total solution service provider of intelligent Intralogistics 4.0. The Group believes the combination of KION and Dematic will create a strong synergetic effect. On one hand, by leveraging on Dematic's leading position in integrated automation technology in Europe and the US, KION will have a better access to the North America market. On the other hand, Dematic will gain better access to China, Brazil and Europe by leveraging on KION's and the Group's strong brand awareness and distribution network in those markets.

In March 2017, the Group further strengthened its market position as a powertrain system solution provider by making equity investment in and forming a strategic cooperative partnership with PSI, a leading global engine manufacturer in the US, which focuses on the production of certified high-performance and low-emission engines. The Group believes that PSI's expertise and experience in low-emission engines, existing customer base and services network in the US will help strengthen its distribution and sales capabilities in the US and increase its sales of powertrain system products in the US.

Globally diversified production and sales footprint

The Group has established a global footprint, which enables manufacturing and sales flexibility, efficiency and cost reduction and empowers the Group to better respond to business cycle and macroeconomic fluctuations in a given market. Over the years, the Group has actively tapped the international market through international mergers and acquisitions, local production and trade and exports. In addition to KION's existing global presence, the Group has set up overseas representative offices in more than 30 countries and approximately 350 service stations to directly interact with customers in different regions. As a result of the Group's efforts in its global expansion, the Group has substantially increased its revenue generating ability in the overseas markets. In 2016, approximately 48.0 per cent. of the Group revenue was derived from its overseas business.

The Group strives to integrate the best resources from overseas markets to build a global value chain that allows it to successfully expand in both emerging and developed economies around the world. By acquiring KION, Linde Hydraulics, Egemin, Retrotech and Dematic and investing in PSI, the Group's global presence now covers Asia, Europe, North America and Africa. In Europe, North America and certain countries in Africa and Asia, the Group mainly operates its business through KION, Baudouin and PSI. In particular, KION operates its business under five global brands, namely Linde, STILL, Baoli (mainly China and certain growth markets), Egemin Automation and Dematic and under its three regional brands, Fenwick (France), OM STILL (Italy), and Voltas (India). In the domestic market, the Group mainly operates its business under the brands of "Weichai Power Engine", "Shanqi Heavy Duty Truck", "Fast Gear" and "Hande Axle".

The Group has actively established its presence in the emerging markets by capturing business opportunities arising from the PRC government's "The Belt and Road" initiative (一帶一路倡議). For example, it has established a diesel engine manufacturing base in India and a transmission product manufacturing base in Thailand to serve the local markets, and the Group exports selected products to countries of Asia Pacific, Africa and South Asia and technology to Myanmar and Ethiopia as part of its efforts to implement its global expansion strategy.

The Group believes its globally diversified production and sales footprint will contribute to its success in capturing growth opportunities arising from both the domestic and overseas markets and enables it to better respond to business cycle and macroeconomic fluctuations in a given market.

Strong support of the PRC Government at different levels

The Group is considered as one of the most important state-owned enterprises in Shandong Province and is the backbone of Shandong's industrial development. It has a long standing relationship with the Shandong Provincial Government and maintains close interactions with its direct controlling shareholder, Weichai Holdings. Over the years, the Group has received strong governmental financial support and preferential treatment from the Shandong Provincial Government and PRC governments at different levels. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the Group received government grants in the amount of RMB151.9 million, RMB228.1 million, RMB207.0 million, RMB81.0 million and RMB39.9 million, respectively, which were used to support the Group's business activities. Certain members of the Group are entitled to preferential enterprise income tax rates and policies for their high-tech enterprise status and/or pursuant to applicable preferential taxation policies of the PRC and the Shandong Province, such as those relating to the China Western Development.

Apart from strong financial support, the Group also benefits from the favourable policy support provided by the PRC governments at different levels. According to the 2025 Plan of China's Manufacturing Industry (中國製造2025) announced by the State Council of the PRC, the PRC government intends to, among other goals, increase its investment in, and promote the development of, high-end manufacturing sectors, which is believed to have the effect of encouraging the development of eco-friendly and energy saving engines and vehicles. In June 2016, the Group was granted a special governmental subsidy of RMB90.0 million for the 2016 National Smart Manufacturing's Integrated Standardisation and New Model Application Project by the Ministry of Finance of the PRC and the Ministry of Industry and Information of the PRC under their Plan of Funding Support for Industry Transformation and Upgrade (2025 Plan of China's Manufacturing Industry) (轉型升級(中國製造2025)資金支援), which was the largest amount of governmental subsidy granted under such Plan. As the Group has strategically aligned its business with development plans of the PRC government, it believes that it is well positioned to continue to benefit from the government support and favourable policies in its future developments.

In addition, the Shandong Provincial Government has selected the Group to be one of the first ten provincial incubators for innovation and start-up businesses. This will allow the Group to enjoy more favourable and flexible policies on recruiting talents, applying for funding and accessing other resources which is expected to provide further support to the Group's future development.

Fiscal prudence and diverse financing channels to ensure sufficient liquidity

Diversified financing channels and an available credit line are key to the stability of the Group's business and financial performance. The Group has established and maintained a long-term relationship with a number of reputable domestic banks and international financial institutions. As at 30 June 2017, the Group had committed domestic credit facilities of approximately RMB51.3 billion in aggregate, out of which RMB41.7 billion was not utilised. The Group also has access to sources to secure sufficient low-cost capital sources. The Group is active in the domestic debt capital markets and issued CNY bonds with principal amounts of RMB1,300 million, RMB1,400 million, RMB800 million in 2009, 2011 and 2013, respectively. On 30 September 2015, the Issuer tapped the international capital markets by issuing US\$400 million 4.125 per cent. guaranteed bonds due 2020.

The Group has adopted a set of comprehensive policies and guidelines to ensure a prudent and sustainable expansion of its business. The Group closely monitors and controls its indebtedness levels and relevant financial ratios through proactively managing the maturity dates of indebtedness level and currencies. The Group has also centralised cash management to increase the efficiency of cash utilisation and to lower financing costs. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the Group had a ratio of total debt (being the sum of short-term and long-term borrowing, bond payables, long-term borrowings due within one year and medium-term notes due within one year) over EBITDA was 2.0x, 2.2x, 3.5x, 2.1x and 2.1x, respectively.

Sound and effective corporate governance implemented by dedicated and experienced senior management

Sound and effective corporate governance

The Guarantor implements stringent corporate governance in accordance with applicable regulatory requirements and rules of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange. Its sound and effective corporate governance has earned a number of awards. In 2016, the Guarantor was awarded "Directors & Boards Governance Special" Contribution Award (董事會治理特別貢獻獎) at the twelfth session of the "Gold Round Table Forum" and "Gold Prize of Round Table" Award Ceremony of Chinese Boards of Listed Company (第十二屆中國上市公司董事會「金圓桌論壇」暨「金圓桌獎」頒獎盛典) organised by Directors & Boards Magazine (《董事會》雜誌). The Guarantor has been selected in "Gold Prize of Round Table" for six consecutive years. In the same year, the Guarantor was awarded the "Top 100 Creditable PRC Listed Companies" (2016中國上市公司誠信百佳) at the fifth session of the Trustworthiness Summit Forum of Listed Companies in China (第五屆中國上市公司誠信高峰論壇). In 2014 and 2015, the Guarantor was awarded as one of the Top 100 "Listed Companies Most Respected by Investors" (最受投資者尊重上市公司) in the "Appraisal and Selection of List Company Investor Protection Forum & Listed Companies Most Respected by Investors" (上市公司投資者保護論壇暨最受投資者尊重的上市公司評選).

Dedicated and experienced senior management with global vision

The Group's success is critically-hinged on the sound leadership and vision of its directors and senior management as well as its highly motivated and proficient staff. Most of the Guarantor's senior management members average over 25 years of experience in the PRC automotive and equipment manufacturing industry. Such long-term service in the industry provides the Group with a wealth of industry knowledge, stable management, and a continuous platform to drive through management's initiatives and promotes operational excellence. The Guarantor's management has strong execution capabilities which successfully led the Group to navigate through various technological reform and innovation, economic cycles and industry developments over the past 30 years. The management team is open to learning advanced management systems from other leading companies and to integrating the industry's best practices with the Guarantor's existing advantages. This enables the Group to continuously improve its management and operational efficiency. In addition, the management has had the vision to expand the Group's business globally, entrenching the Group in different local industries in the global markets.

Highly motivated staff leading to continuous operational efficiency improvement

The Group's corporate culture promotes innovation and entrepreneurship. The Group places significant emphasis on recruiting and retaining talents and rolled out a plan to attract outstanding senior management and personnel. During the year ended 31 December 2016, the Group implemented approximately 1,200 training programs and invested approximately RMB13.3 million on the provision of trainings at various levels which focused on developing middle and senior management staff members, enhancing international language development of our top management staff members, exchanges with overseas subsidiaries and training of marketing staff members. In addition, the Group regularly reviews and raises salaries and incentives for high-performers to encourage its employees to strive for excellence.

BUSINESS STRATEGIES

With complete automotive and machineries as flagship products and powertrain systems as core technologies, the Group strives to develop into a world-leading international manufacture group and to become one of the world's top 500 enterprises in the future. The Group intends to adopt the following strategies to achieve this goal:

Leverage the synergetic advantage of the resource sharing between the domestic and overseas Group members to develop the Group into a powertrain system solution provider offering engines of full-series and full-displacements

The Group intends to leverage the synergetic advantage of the resource sharing between its domestic and overseas subsidiaries and its leading market position and strong R&D capabilities in the powertrain system areas to develop the Group into a powertrain system solution provider offering engines of full-series and full-displacements. To achieve this goal, the Group will be more focused on developing high-end engines and new strategic products, and to strive to gain a foothold in the strategic high-end markets. Furthermore, the Group will strive to establish a smart, new energy oriented and diversified gearbox development platform and to develop highly efficient, smart, environmentally friendly and integrated technologies to expand the scope of application of products focused on gear transmission technology.

Further strengthen the Group's product structure adjustments and product upgrades to enhance the leading market position and strong brand awareness of its complete automotive and machineries

The Group intends to further strengthen its product structure adjustments and product upgrades to enhance the leading market position and strong brand awareness of its complete automotive and machineries. In the domestic market, the Group will adopt a value marketing strategy in promoting the sales of its complete automotive and machineries, with a focus on increasing the market share of specific market segments, capturing less favourable markets and expanding corporate customer base to achieve its growth targets. In particular, it is committed to proactively seize opportunities arising from the development of high efficiency logistics to increase its market share in each market segment. In overseas markets, the Group will continue to expand its business networks with an emphasis on Africa and the Asia-Pacific region, with a focus on developing major corporate clients and increasing its market share.

Developing the Group into an integrated total solution services provider by leveraging on the synergetic effect among "Weichai Power", "KION" and "Dematic" brands

The Group intends to develop itself into an integrated total solution services provider providing services ranging from traditional logistics, materials handling and warehousing technology to smart intralogistics by leveraging on the synergetic effect among "Weichai Power", "KION" and "Dematic" brands. During the last two years, KION acquired several international suppliers of advanced integrated automation technology, including Egemin, Retrotech and Dematic. By leveraging the Group's leading position in complete heavy-duty trucks, strong customer base and regional advantage, KION's

world-leading position in forklift truck and warehouse technologies, extensive sales networks, strong customer base and brand awareness in Europe and elsewhere in the world, and by further integrating and consolidating Dematic’s leading research capabilities of integrated automation technology and strong brand recognition in Europe and the US, the Group believes it will be able to transform its business from a leading automotive and equipment manufacture to an integrated total solution services provider.

To further enhance the synergetic advantage among “Weichai Power”, “KION” and “Dematic” brands, the Group intends to actively explore the Asia-Pacific and North America markets for its forklift trucks sales and services, while at the same time continue to stabilise the leading position of its forklift truck sales and services in Europe. In addition, the Group is committed to further enhance the global leading position of its integrated automation technology offered by Dematic by proactively capturing the strong growth opportunities of E-commerce in recent years and by leveraging on the synergetic effect among its different business segments.

Increase the Group’s global brand recognition by further implementation of globalization strategies

The Group strives to leverage the best resources from overseas markets through international mergers and acquisitions, local production and trade and exports to build a global value chain that allows it to successfully expand in both emerging and developed economies around the world. The Group believes that this strategy will help it expand its revenue base, increase its brand awareness globally, create synergetic effect between its domestic and overseas businesses and streamline the process for supply, distribution and sales to benefit fully from the economies of scale. In addition, the Group will continue to improve management capability and efficiency in major elements of its operations from R&D to manufacturing, distribution and customer support, through its global operating system.

HISTORY AND DEVELOPMENT

The following are the milestone events and certain key honours and awards the Group received since its inception.

- 1946** Weifang Diesel was established, which was one of the first diesel engine manufacturers in China.

- 1950’s–1980’s** From the 1950’s to the early 1980’s Weifang Diesel developed and manufactured various medium speed diesel engines with an output of 51kW-99kW.

- 1984** In 1984, the State Development and Planning Commission and the State Economic Planning Commission selected Weifang Diesel as a designated manufacturer for the development and manufacture of Steyr WD615 diesel engines and diesel engines for heavy-duty trucks.

- 1989-2000’s** From 1989 to the early 2000’s, Weifang Diesel designed, developed and manufactured various models of WD615 and WD618 across a range of domestic and international emission standards.

In 1999, Weifang Diesel acquired Sichuan Changjiang Diesel, increasing its production capacity of diesel engines.

- 2002** On 23 December 2002, the Guarantor was established by a contribution of cash and operating assets relating to the manufacture and sale of WD615 and WD618 engines from Weifang Diesel, and cash investments from other promoters.
- 2004** On 11 March 2004, the Guarantor was listed on the Main Board of the Stock Exchange of Hong Kong Limited (stock code 2338) as the first H-share listed company in the PRC internal-combustion engine industry.
- 2005** In March 2005, the Guarantor introduced its first Euro III compliant high-power diesel engine, the Landking.
- In August 2005, Weichai Power acquired Torch Automobile and further diversified its business portfolio.
- 2007** On 30 April 2007, the Guarantor was listed on the Shenzhen Stock Exchange as the first H-share to A-share listed company in China's securities market.
- 2009** In 2009, the Group acquired French Military Engine Manufacturer Baudouin, which became the Group's wholly-owned subsidiary.
- 2012** In March 2012, the Guarantor introduced the first high-power HPDI Nature Gas Engine in China.
- In December 2012, the Group signed strategic cooperation agreement with KION and acquired a 70.0 per cent. equity interest in Linde Hydraulics.
- 2013** On 28 June 2013, KION was listed on the Frankfurt Stock Exchange.
- 2014** On 12 June 2014, KION became a consolidated subsidiary of the Group.
- 2015** In March 2015, the Guarantor further increased its shareholding in KION to 38.25 per cent.
- On 7 May 2015, KION entered into an agreement with the Belgium-based Egemin Group to purchase its Handling Automation division. On 7 August 2015, the acquisition was completed at a consideration of approximately EUR72.5 million.
- On 30 September 2015, the Issuer issued US\$400 million 4.125 per cent. guaranteed bonds due 2020, which are unconditionally and irrevocably guaranteed by the Guarantor.
- On 16 December 2015, Weichai Lux completed the acquisition of 20.0 per cent. of the equity interest in Linde Hydraulics. Since then, the Group's equity interest in Linde Hydraulics was increased to 90.0 per cent..

2016

On 8 February 2016, KION entered into an agreement to acquire the entire equity interest of Retrotech Inc., a United States systems integrator of automated warehouse and distribution solutions, at a consideration of approximately EUR25 million. On 1 March 2016, the acquisition was completed.

On 21 June 2016, KION entered into a sale and purchase agreement to acquire the entire equity interest in DH Services Luxembourg Holding S.à r.l. and the advanced material handling automation solutions business operated by its subsidiaries which operate mainly under the “Dematic” trade name at an expected consideration of approximately US\$2.1 billion, based on the evaluation of Dematic of US\$3.25 billion. On 1 November 2016, the acquisition was completed.

On 18 July 2016, the Guarantor increased its shareholding in KION to 40.23 per cent. On 12 December 2016, the Guarantor further increased its shareholding in KION to 43.26 per cent.

On 1 November 2016, the Guarantor completed the acquisition of the entire equity interest in Weichai Medium at a consideration of approximately RMB252.9 million. On 26 September 2016, the Guarantor entered into an equity transfer agreement with Weichai Holdings to acquire the entire equity interest in Weichai Medium for a consideration of approximately RMB252.9 million. The said acquisition was completed on 1 November 2016 and since then Weichai Medium has become a wholly-owned subsidiary of the Guarantor and its financial results has been consolidated into the consolidated financial statements of the Group.

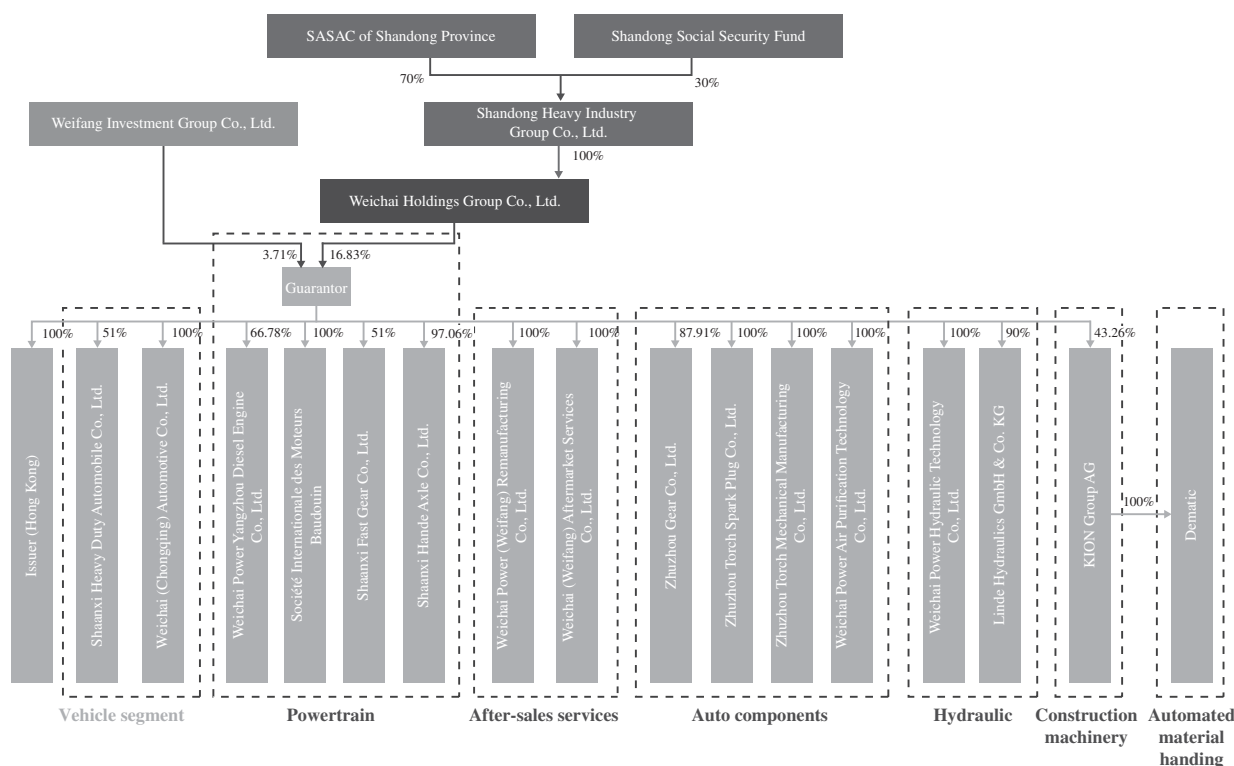
2017

On 20 March 2017, Weichai America Corp. (“**Weichai America**”), a wholly-owned subsidiary of the Guarantor, entered into a share purchase agreement with PSI and acquired 40.71 per cent. equity interest in PSI, a leading global engine manufacturer and distributor founded under the law of the state of Delaware, producing various types of high-performance, certified low-emission engines of natural gas, propane and other non-diesel fuel.

On 22 May 2017, KION issued additional 9,890,000 new shares. Weichai Lux, an indirectly wholly-owned subsidiary of the Guarantor, subscribed 4,023,275 of the new shares at a price of EUR64.83 per KION share in accordance with its shareholding percentage at a total consideration of approximately EUR260.8 million. Upon the completion of this transaction, the Guarantor’s equity interest in KION was increased to 43.26 per cent.

CORPORATE STRUCTURE

The following chart sets forth a simplified organizational structure of the Group As at 30 June 2017:



Acquisition of KION

On 31 August 2012, the Guarantor entered into a strategic industrial cooperation (the “**Strategic Cooperation**”) with KION, which was then controlled by Superlift, which was in turn owned by certain investment funds advised by affiliates of The Goldman Sachs Group, Inc. and entities advised by or affiliated with KKR & Co. L.P. Pursuant to this cooperation arrangement, (i) the Guarantor acquired an initial 25.0 per cent. interest in KION Holding 1 GmbH (the predecessor of KION) through a capital increase by Weichai Lux, (ii) Weichai Lux acquired 70.0 per cent. interest in Linde Hydraulics, (iii) KION Holding 1 GmbH spined off the assets and operations of its hydraulics business (except the axle business, a plant located in the Czech Republic and certain other minor assets transferred from Linde Material Handling GmbH to Linde Hydraulics), and (iv) a strategic collaboration agreement was executed which provided for a close cooperation in the field of material handling and hydraulic drive technology between the parties. The remaining 30.0 per cent. interest in Linde Hydraulics was held by KION through Linde Material Handling GmbH.

The Guarantor and KION further agreed that Weichai Lux was entitled to increase its interest in KION through a capital increase to 30.0 per cent. (on a fully diluted basis) immediately before the completion of an initial public offering by KION (the “**KION Option**”). Weichai Lux also received an option to acquire an additional 3.3 per cent. interest in KION (on a fully diluted basis) from Superlift (the “**Superlift Option**”). In June 2013 and 2014, Weichai Lux exercised the KION Option and the Superlift Option, respectively, to increase its shareholding to an ultimate 33.3 per cent., making itself the second largest shareholder of KION following Superlift who then held 34.5 per cent.

In June 2014, Superlift completed its disposal of 7.6 per cent. of the shares of KION (the “Disposal”), subsequent to which Superlift’s equity interest in KION decreased from 34.5 per cent. to 26.9 per cent. As a result, Weichai Lux who then directly held 33.3 per cent. of KION became its single largest shareholder. According to the voting arrangements provided in the KION shareholders’ agreement relating to the Strategic Cooperation, subject to Superlift’s and Weichai Lux’s respective nomination rights of the shareholder representatives of the supervisory board, Superlift would vote at the general meetings of KION in accordance with the voting decision of Weichai Lux in respect of certain specified fundamental matters. Those matters include the appropriation of profits, the discharge of members of the management board and the supervisory board of KION, the approval of management matters as required by the management board of KION (to the extent that such matter is not a reserved matter requiring unanimous consent of Weichai Lux and Superlift under the KION Shareholders’ Agreement), the approval of management matters which have been previously rejected by the supervisory board of KION, and the election of the members of the supervisory board of KION.

As Superlift was contractually obligated to vote at the general meetings of KION in accordance with the voting decisions made by Weichai Lux in respect of the said fundamental matters following the Disposal, Weichai Lux had control over 60.2 per cent. of the voting rights of KION in those respects and the Guarantor considers that it had obtained effective control over KION since 12 June 2014. Pursuant to the “Accounting Standard for Business Enterprises No. 33 — Consolidated Financial Statements”, following the Disposal, KION was accounted for and consolidated into the consolidated financial statements of the Guarantor as a subsidiary.

On 27 March 2015, Weichai Lux entered into an agreement to acquire additional 4,900,000 shares of KION, representing 4.95 per cent. of the issued share capital of KION. Upon the completion of this acquisition, the Guarantor’s equity interest in KION was increased to 38.25 per cent.

On 16 December 2015, Weichai Lux completed the acquisitions of 20.0 per cent of the equity interest in Linde Hydraulics. Since then, the Group’s equity interest in Linde Hydraulics was increased to 90.0 per cent.

On 18 July 2016, KION issued additional 9,890,000 new shares through an accelerated bookbuilding offering process. Weichai Lux, an indirectly wholly-owned subsidiary of the Guarantor, subscribed 60 per cent. of the shares offered, equivalent to a total of 5,934,000 new issued shares based on the subscription price of EUR46.44 per KION share at a total consideration of approximately EUR275.6 million. Upon the completion of this subscription, the Guarantor’s equity interest in KION was increased from 38.25 per cent. to 40.23 per cent. On 12 December 2016, the Guarantor announced that it acquired, through Barclays Bank PLC, 3,295,967 shares in KION from the secondary market at a consideration of approximately EUR180 million. Upon the completion of this acquisition, the Guarantor’s equity interest in KION was further increased to 43.26 per cent.

On 22 May 2017, KION issued additional 9,890,000 new shares. Weichai Lux subscribed 4,023,275 of the new shares at a price of EUR64.83 per KION share in accordance with its shareholding quota at a total consideration of approximately EUR260.8 million. Upon the completion of this transaction, the Guarantor’s equity interest in KION remained to be 43.26 per cent.

THE GROUP'S PRINCIPAL PRODUCTS

Overview

The Group is one of the leading manufacturers of automotive and equipment products in China. The Group develops, manufactures and distributes heavy-duty diesel engines with a wide range of applications, including engines used for trucks, passenger vehicles, vessels, construction and agriculture machinery and power generators. The Group also engages in the manufacturing, assembling and sale of heavy-duty trucks, forklift trucks, gearboxes, axles, hydraulic controlling parts and other automotive and equipment parts and components, as well as the provision of warehouses technology and supply chain solution services in China, Europe, United States and many other major international markets. The Group's diversified product portfolio allows it to cater to different needs of its customers in the automotive industry. Through the effective implementation of its business strategies for product development and capital management over the years, the Group has become one of the top automotive and equipment manufacturers with strong and vertically integrated production capabilities in the PRC automotive and equipment manufacturing industry and is committed to develop itself into an integrated total solution services provider by integrating and consolidating Dematic's integrated automation technology.

The Group organizes and manages its operating businesses and reports its operating results by segments. They include (i) manufacturing and sale of diesel engines and related parts, (ii) forklift trucks production and warehouses technology and supply chain solution services, (iii) manufacturing and sale of automobiles and major automobile components other than diesel engines, (iv) manufacturing and sale of other automobile components and (v) provision of import and export services.

The following table sets forth a breakdown of the Group's revenue by operating segments and their contribution in the Group's total revenue, after eliminating inter-segment sales, for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2014		2015		2016		2016		2017	
	Revenue	Percentage of Total	Revenue	Percentage of Total	Revenue	Percentage of Total	Revenue	Percentage of Total	Revenue	Percentage of Total
	(RMB in millions)		(RMB in millions)		(RMB in millions)		(RMB in millions)		(RMB in millions)	
Diesel engines	22,352.0	28.1	13,856.7	18.7	18,463.2	19.8	8,367.8	19.7	14,043.5	19.4
Forklift trucks production and warehouses technology and supply chain solution services	19,975.2	25.1	35,488.1	47.8	41,063.0	44.1	18,671.6	43.9	28,573.7	39.5
Automobiles and other major automobile components	34,617.4	43.5	22,887.60	30.9	31,545.5	33.9	14,457.3	33.9	28,440.0	39.3
Other components	2,575.5	3.2	1,807.9	2.4	1,998.5	2.1	1,008.4	2.4	1,187.9	1.7
Import & export services	117.0	0.1	127.4	0.2	113.3	0.1	56.3	0.1	68.2	0.1
Total	79,637.2	100.0	74,167.7	100.0	93,183.5	100.0	42,561.4	100.0	72,313.3	100.0

Diesel Engines

Diesel engines are the key products of the Group. As at 30 June 2017, the Group manufactured and sold more than 20 series of diesel engines in various displacement ranging from 2L to 40L (inclusive) and power ranging from 20kw to 1100kw, for which the Group has obtained necessary regulatory clearance, including WP2.1/2.3, WP3, RA, WP2.7/3.2, WP3.7/4.1, WP4/6, WP5/7, WP9H/10H, WP10, WP12/13/17, M26, M33. Seven out of these 20 series (including RA, WP5/7, WP9H/10H, WP12/13) meet Euro No. VI Emission Standards. Recently, the Group has successfully completed the development and economic optimisation of 2L to 17L full-range engines that meet the requirements of the China No. V National Emission Standards and China No. V City National Emission Standards. In 2016, the Group launched WP9H and WP10H engines, two high-end diesel engines that meet the requirements of the China No. V National Emission Standards and the Euro No. VI Emission Standards. WP9H engine and WP10H engine each has a B10 life of up to 1.8 million kilometres and 30,000 hours. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the Group sold approximately 498,200 units, 275,300 units, 382,300 units, 179,900 units and 302,300 units of engines (including the engines sold by Weichai Medium), respectively. The Group operates this business segment mainly through the Guarantor and its subsidiaries.

The Group intends to strengthen its competitiveness across all current engine platforms with a focus on heavy-duty engines, which are relatively higher margin products compared to light-duty engines. The Group also plans to focus on manufacturing high quality and high performance/price ratio diesel engines with low fuel consumption, emissions and noise that target the mid- to high-end engine markets, which are relatively higher margin products compared to traditional mechanical diesel engines. All vehicles installed with the Group's engines have met the current mandatory China No. V National Emission Standards, Stage III Emission Standards for non-road diesel engines and Phase IV of the Fuel Consumption Limits, while certain vehicles installed with the Group's engines have even met the Euro No. VI Emission Standards. The following table sets forth certain details of the key series of the Group's engine products:

<u>Products</u>	<u>Key Specifications (Displacement, Power, Torque)</u>	<u>Applicable Types of Vehicles</u>	<u>Emission Standards</u>	<u>Fuel Consumption Standards</u>	<u>Product Launch Year</u>
WP10H . .	Displacement 9.5L; Power 228–294kw; Rated speed 1900rpm; Maximum torque: 1000 – 1700Nm	truck, passenger vehicle, construction machinery, vessel	Euro No. VI		2016
WP9H. . .	Displacement 8.8L; Power 154–257kw; Rated speed 1900 – 2200 rpm; Maximum torque: 1000 - 1400Nm	truck, passenger vehicle, construction machinery, vessel	Euro No. VI		2016
WP10 . . .	Displacement 9.7L; Power 228–276kw; Rated speed 1900, 2200rpm; Maximum torque: 1650Nm	truck, passenger vehicle, construction machinery, power generator, vessel	Euro No. IV-V	188gkwh	1988
WP12. . .	Displacement 11.5L, Power 247–353kw, Rated speed 1900rpm, Maximum torque 1960Nm	truck, passenger vehicle, construction machinery, power generator, vessel	Euro No. IV-V	196gkwh	2006

<u>Products</u>	<u>Key Specifications (Displacement, Power, Torque)</u>	<u>Applicable Types of Vehicles</u>	<u>Emission Standards</u>	<u>Fuel Consumption Standards</u>	<u>Product Launch Year</u>
WP13. . . .	Displacement 12.5L, Power 353–405kw, Rated speed 1900rpm, Maximum torque 2300Nm	truck, passenger vehicle, construction machinery, power generator, vessel	Euro No. IV-V	185gkwh	2013
WP7.	Displacement 7.5L, Power 154–220kw, Rated speed 2100rpm, Maximum torque 1250Nm	truck, passenger vehicle, construction machinery, power generator, vessel	Euro No. IV-V	195gkwh	2009
WP5.	Displacement 5L, Power 117–162kw, Rated speed 2100rpm, Maximum torque 850Nm	truck, passenger vehicle, construction machinery, power generator, vessel	Euro No. IV-V	195gkwh	2009

The following table sets forth the sales volume of the Group's engines by displacement range based on the Group's internal data, after eliminating inter-segment sales, for the periods indicated:

	<u>Year ended 31 December</u>			<u>Six months ended 30 June</u>	
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2017</u>
	(thousand units)				
Diesel engines used in					
Heavy-duty trucks.	276.1	127.5	198.0	88.9	178.5
Heavy-duty and medium-duty construction machinery.	77.7	43.7	53.6	24.5	41.0
Large-sized and medium-sized passenger vehicles.	27.9	27.1	21.5	9.5	14.3
Heavy-duty and medium-duty vessel.	3.5	5.5	2.1	2.6	2.2
Heavy-duty and medium-duty industrial power.	12.9	7.5	5.8	3.3	4.7
Others.	100.2	64.0	101.5	51.1	61.7
Total	498.2	275.3	382.4	179.9	302.3

As a world-leading and whole-series engine manufacturer and supplier, the Group's diesel engine products apply to a wide range of products. The following table sets forth the Group's list of engines by application:

<u>Engines by Application</u>	<u>Series</u>
Trucks.	WP2.1, WP3, WP3.7, WP4.1, WP4, WP6, 615, 618, WD10, WD12, DHL10, HL12, WP6, WP7, WP9H, WP10H, WP10, WP12 and WP13
Construction Machinery . . .	WP2.7, WP3, WP3.2, WP4.1, WP7, WP9H, WP10, WD10, WD12, WP7, WD10, DHL10, DHL12, WP4, WP6, WP12, Landking WP12 and WP13
Passenger Vehicles.	WP2.1, WP3, WP3.7, WP4.1, 615, WP5, DHL10, DHL12, WP6 WP7, WP10, WP9H, WP10H and WP12

Engines by Application	Series
Vessel	618, WD10, WP3, WP4, WP6, WD10, WP10, WD12, WP12, WP13, M26, M33
Industrial Power (Generator-Drive)	WP2.1, WP3, WP4.1, 615, WD12, DHL10, DHL12, WP3, WP4, WP6, WP10, WP12, WP13, M26 and M33, DHM16, DHM21, DHM10, DHM11
Agriculture	WP2.7, WP3, WP3.2, WP4.1, WP7, WP10 and WP12, DHL10, WP4, WP6

Engines for use in Trucks

Overview. The Group offers a diversified product portfolio of truck diesel engines, ranging from heavy-duty truck engines, medium-duty truck engines, medium truck engines to light truck engines. The Group was the largest supplier of diesel engines used in heavy-duty trucks in China in terms of its sales in 2016, according to the CAAM. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the Group sold approximately 276,100 units, 127,500 units, 198,000 units, 88,900 units and 178,500 units of diesel engines for use in heavy-duty trucks (including engines sold by Weichai Medium), respectively.

Competition. In 2016, the Group had a high market share in the heavy-duty truck engine market in China, mainly competing with Cummins. The Guarantor believes that the Group’s engines used for heavy-duty trucks stand out for their wide-range series, high reliability, high brand recognition and mature technology compared to its competitors. Faced with increasingly intensive competition, the Group endeavours to improve the performance and functionality of its engines used for heavy-duty trucks to maintain its current market share and leading position, as its customers are becoming focused on product features such as utility, fuel economy, environmental friendliness and design.

Engines for use in Construction Machinery

Overview. The Group manufactures and sells engines used for a variety of construction machinery, such as loaders, excavators, bulldozers, forklifts, agricultural machinery and roller and graders. According to the CCMA, the Group was the largest supplier of diesel engines used in wheel loaders with a load capacity of five tonnes in China in terms of sales volume in 2016. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the Group sold approximately 77,700 units, 43,700 units, 53,600 units, 24,500 units and 41,000 units of diesel engines for use in heavy-duty and medium-duty construction machinery (including engines sold by Weichai Medium), respectively.

Competition. The Group has maintained a leading position in this sector. With the enhanced reliability of its engines which are increasingly used for wheel loaders, the Group anticipates an increase in its market share of engines used for wheel loaders with a load capacity of three tonnes. It expects to maintain its current share in the market of engines for use in construction machinery and also plans to develop light-duty engine products and explore the market of engines used for forklift trucks.

Engines for use in Passenger Vehicles

Overview. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the Group sold approximately 27,900 units, 27,100 units, 21,500 units, 9,500 units and 14,300 units of diesel engines for use in large-sized and medium-sized passenger vehicles (including engines sold by Weichai Medium). The Group is the second largest supplier of diesel engines used in large-sized and medium-sized passenger vehicles measured by sales for the six months ended 30 June 2017, according to the CAAM. Along with an increasing concern over the safety of vehicles, passenger bus industry imposes more stringent safety requirements. Meanwhile, an increase in fuel price at the time also leads to further increase in the cost of using vehicles. Therefore, the Group’s research and

development of its engines used for passenger vehicles have been focused on developing safe, fuel economy and technically reliable products.

Competition. The Group mainly competes with Yuchai in engines for use in passenger vehicles. Due to the Group's recent entry into the relevant market, its strength has yet to produce full advantage. However, it is gaining recognition by virtue of the reliability and fuel economy of its products. The Guarantor believes that its market share in the passenger vehicles market will gradually increase with the introduction of WP9H/10H engines and its brand image built over the years.

Engines for use in Vessels

Overview. The Group manufactures a diverse portfolio of high-speed and medium-speed vessel engines (such as Baudouin's M26 engine and M33 engine) for use in the fishing boats, high-speed boats, passenger ships and engineering vessels as main engines, electric propulsion engines or auxiliary engines. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the Group sold approximately 3,600 units, 5,500 units, 2,100 units, 2,600 units and 2,200 units of diesel engines for use in heavy-duty and medium-duty vessels (including engines sold by Weichai Medium), respectively.

Competition. The Group mainly competes with Yuchai in the Chinese domestic high-speed vessel engine market. Leveraging the fuel economy and after-sale services of its Baudouin products, the Group enjoys significant brand recognition and satisfaction among its customers. With further development of its competitive strengths, the Group expects to gain further share in the high-speed vessel market.

Engines for use in Industrial Power

Overview. Leveraging its global research and development centres and cutting-edge technology, the Group has created a new generation of industrial power engines to satisfy the power demand of six major industrial market segments, namely, engines for land-based power generation, engines for marine power generation, engines for marine emergency power generation, power engines for passenger vehicles and power engines for air compressors. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the Group sold approximately 12,900 units, 7,500 units, 5,800 units, 3,300 units and 4,700 units of diesel engines for use in heavy-duty and medium-duty industrial power (including engines sold by Weichai Medium), respectively.

Competition. In the domestic market for power generation engines, the Group's main competitor is Chongqing Cummins Engine Co., Ltd. (重慶康明斯發動機有限公司) and Guangxi, Guangxi Yuchai Machinery Group Co., Ltd. (廣西玉柴機器集團有限公司). The Group's power generation engines have advantages in terms of volume, weight and fuel consumption. The Group intends to promote its brand recognition in this segment and capture business opportunities associated with the PRC government's national "Strong Maritime Country (海洋強國)" strategy and the "Belt and Road" initiative to gain further market share in the future.

Aftermarket Business

The Group has developed a well-established aftermarket business, which mainly include the supply of engine accessories, oil products and the provision of reconstructing services. The Group is developing a service platform for aftermarket business, including a service chain of calling centres to respond to service demands, send maintenance workers, provide services, inquire and order accessories through an online accessories catalogue, provide sales rebate and customer feedback.

Accessories. The Group mainly operates the supply of accessories through Weichai (Weifang) Aftermarket Services Co., Ltd. (濰柴(濰坊)後市場服務有限公司) (formally known as Weichai Power (Weifang) Spare Parts and Resources Co., Ltd. (濰柴動力(濰坊)備品資源有限公司)) (“**Weichai Aftermarket Services**”), a wholly-owned subsidiary of the Group. It is the only platform whereby the Group provides original Weichai engine accessories to the domestic market. Leveraging its widely-recognised Weichai Power brand and based on its advanced information management system, as well as the strong support from its technology services team, the Group has developed a unique and dynamic Weichai accessories sales and services network with strong growth potential through its distribution channel management model by way of franchising. Currently, the Group has approximately 60 general agents which are authorised for their respective regional accessories sales in various provinces, regions and cities in China. It has approximately 4,500 designated Weichai repair services centres (which are at the same time authorised accessories sales agents) across the country, with the capability of providing convenient and efficient accessories purchase services for its clients.

Oil Products. The Group operates this business primarily through Weichai (Weifang) Aftermarket Services, which focuses mainly on the provision of oil products for the Group. The Group’s oil products include motor lubricating oil, gear oil, gas engine lubricating oil, antifreeze and other products. The Group’s oil products are recognised for superior fuel economy, low emissions and engine protection and performance enhancement.

Reconstructing Services

The Group sells reconstructed products with the same quality and service level as new products. Weichai Power (Weifang) Reconstruction Co. Ltd. (濰柴動力(濰坊)再製造有限公司) was established in April 2008 by the Guarantor and is one of the first 14 automotive components reconstructing enterprises recognised by the NDRC. It primarily engages in the reconstructing of engine and engine components and parts. For the six months ended 30 June 2017, the sales volume of reconstructed engines is approximately 2,800 units, representing an increase of 81.1 per cent. over the sales volume for the same period in 2016.

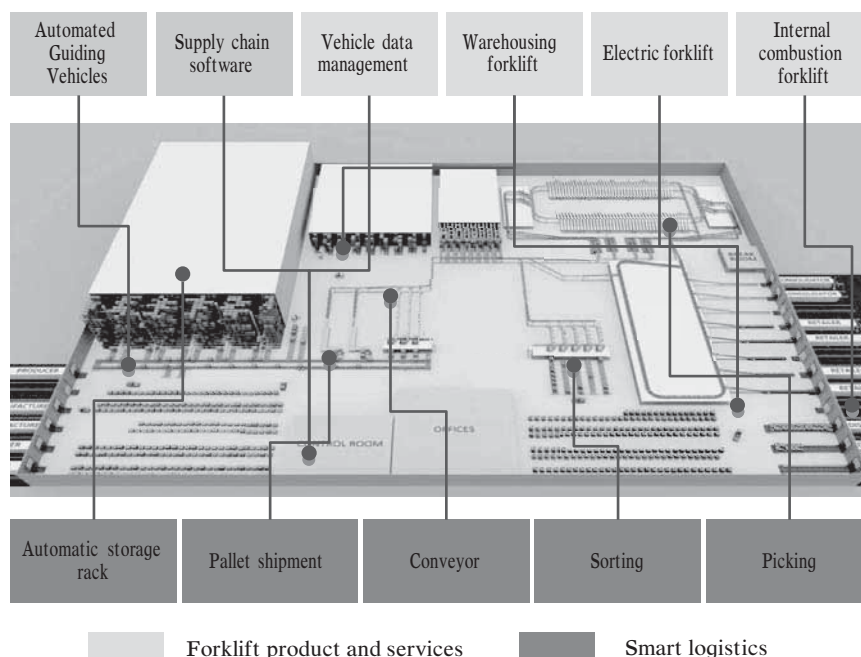
Forklift Trucks Production and Warehouses Technology and Supply Chain Solution Services

Overview

The Group’s forklift trucks production and warehouses technology and supply chain solution services business is operated by KION and its subsidiaries in Europe. KION is one of the largest manufacturers of industrial forklift trucks and a leading provider of warehouse and supply chain solution services in the world and operates its business in more than 100 countries globally. It manufactures and sells a wide range of products including warehouse and counter-balance forklift trucks with both internal combustion engines (“**IC-trucks**”) and electric motors (“**E-trucks**”) across the premium, value and economy segments. KION also provides financing services and leasing services to complement its forklift truck sales.

KION’s warehouses technology services include professional services, fleet data management, automation control and internal logistics services. By acquiring Egemin, Retrotech and Dematic, KION further enhanced its capability to provide its customers with comprehensively intelligent supply chain solutions. KION’s supply chain solutions include integrated technologies and software solutions that are used to optimise supply chains. Manual and automated solutions are provided for all functions along customers’ supply chains, from goods inward and multishuttle warehouse systems to picking and value-added packing. As a result, KION is capable of offering the full spectrum of solutions for intelligent Intralogistics 4.0. These range from intelligent industrial trucks and fleet management solutions to fully integrated, automated intralogistics system, in which self-driving trucks can be included as a component.

The following chart illustrates the model of KION's intelligent Intralogistics 4.0:



Benefiting from the growth of the forklift truck industry and the leading position of KION in electric forklift truck industry, the Group reported an increase of orders for forklift trucks from approximately 165,800 units in 2015 to approximately 178,300 units in 2016, representing a year-on-year growth of approximately 7.5 per cent.

Before elimination of intra-group sales, the forklift trucks production and warehouses technology and supply chain solution services contributed sales revenue of approximately RMB19,975.2 million, RMB35,488.1 million, RMB41,063.0 million, RMB18,671.6 million and RMB28,573.7 million to the Group for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, representing 25.1 per cent., 47.8 per cent., 44.1 per cent., 43.9 per cent. and 39.5 per cent. of the Group's total revenue for the same period, respectively.

KION's shares are listed on the Frankfurt Stock Exchange under the stock code "KGX."

Acquisition of Egemin, Retrotech and Dematic

On 7 May 2015, KION entered into an agreement with the Belgium-based Egemin Group to purchase its Handling Automation division. Egemin Automation is a leading supplier of automated material handling solutions that improve the intralogistics processes in warehouses, production and distribution. On 7 August 2015, the acquisition was completed at a consideration of approximately EUR72.5 million. On 8 February 2016, KION entered into an agreement on the acquisition of the entire equity interest of Retrotech Inc., a United States systems integrator of automated warehouse and distribution solutions, at a consideration of approximately EUR25 million. Retrotech provides a wide range of solutions for integrating and modernising complex intralogistics systems. It specialises in systems design, customised warehouse control software and stacker crane modernisation and retrofits to ensure that warehouse systems remain in good working order. On 1 March 2016, the acquisition was completed. Since then, Retrotech became an operative part of Egemin Automation.

On 21 June 2016, KION entered into a sale and purchase agreement to acquire the entire equity interest in DH Services Luxembourg Holding S.à r.l. and the advanced material handling automation solutions business operated by its subsidiaries which operate mainly under the “Dematic” trade name at an expected consideration of approximately US\$2.1 billion, based on the evaluation of Dematic of US\$3.25 billion. On 1 November 2016, the acquisition was completed. The purchase of Dematic makes KION one of the world’s leading providers of supply chain solutions with a unique and comprehensive portfolio of products, ranging from forklift trucks to fully automated material handling solutions.

Major Brands

KION operates this business under five global brands, namely Linde, STILL, Baoli (mainly China and certain growth markets), Egemin Automation and Dematic and under its three regional brands, Fenwick (France), OM STILL (Italy), and Voltas (India). KION’s forklift trucks and warehouse technology and related services are operated under three international brands, namely Linde, STILL and Baoli, and its three regional brands, namely Fenwick, OM STILL and Voltas. Its supply chain solutions are operated under the other two international brands, namely Dematic and Egemin Automation.

The strengths of the KION’s world-renowned brands are evidenced by leaders in their leading technology innovation capability. In the past three years, KION launched a number of new products, such as STILL’s award-winning autonomous order picker, iGo neo CX20, Linde and STILL’s first counterbalance trucks powered by a lithium-ion battery and LiftRunner tugger train system, an automated forklift-free solution for on-site transporting materials, and Linde’s new model to its innovative robotics series, Linde-MATIC. KION further enhanced its fleet management solutions, including STILL’s new “neXXt fleet” software, which intelligently merges data sets from different applications and areas so that customers can analyse their fleets accurately and comprehensively, and introduced Linde Material Handling GmbH’s new localisation technology that pinpoints the location of trucks and transport containers to within centimetres in real time. In addition, Dematic has further enhanced its Multishuttle storage systems, which can significantly increase the speed, accuracy and throughput of warehouses, production plants and distribution centres. Egemin Automation recently launched the E’tow® Easy Loop, a new standardised in-floor chain conveyor system that can be delivered and installed comparatively quickly due to its predefined components. KION is also one of the main manufacturers of hydraulic components and hydrostatic drives that are used both in its own trucks and in the products of other manufacturers and OEMs in the construction, agricultural and forestry sectors.

Linde

Linde offers the full product range including E-trucks, IC-trucks, heavy-duty trucks and warehouse trucks as well as a full range of related services.

Fenwick

In France, Linde industrial trucks are sold under the Fenwick brand. The product and services range is identical to the Linde product range, but is offered under a different brand.

Baoli

Baoli is KION's core brand focused on the economy segment, mainly targeting China and growth markets including South Asia, South and Central America and Eastern Europe. Baoli also distributes products in the Middle East and Africa. The Baoli product range is focused on IC-trucks as the most important product category in the Chinese market. E-trucks and warehouse trucks have recently been added to Baoli's portfolio.

STILL

In addition to the Group's core products and related service offerings within the STILL brand, which include forklifts, warehouse trucks and tow tractors, STILL segment provides cutting-edge material flow management services. The Group has positioned the STILL brand as a leading provider of intelligent intra-logistics solutions and tools, providing an integrated solution for logistic end-markets.

OM STILL

OM STILL is one of the market leaders for industrial trucks in Italy in terms of unit sales and focuses on the Italian domestic market with a long established and strong presence in this market, where STILL industrial trucks are offered under the "OM STILL" brand.

Egemin Automation

Egemin Automation, founded in 1974, is a leading supplier of automated material handling solutions that improve the intralogistics processes in warehouses, production and distribution. The company offers both standard and tailor-made automation solutions that enable its customers to remain one step ahead of the competition. It delivers advanced automated warehouse and distribution solutions, automated guided vehicles solutions and in-floor chain conveyor solutions. The core activities include logistics advice, turnkey project execution and life cycle services through the entire life cycle of installations. Egemin Automation operates on a world-wide scale from its headquarters in Antwerp and has offices located in Europe (Germany, France, the Netherlands, UK), USA and China.

Dematic

Dematic is a leading global supplier of advanced integrated automation technology, software and services to optimise supply chains and to meet the material handling automation needs of its customers. Its product and systems portfolio ranges from Automated Guided Vehicles, palletisers, storage and picking equipment including automated storage and retrieval systems, sorters and conveyors to a leading integrated software platform and automation technologies.

As at 30 June 2017, Dematic had employed approximately 6,500 skilled logistics professionals, including more than 3,000 engineers in software development, R&D, engineering services, project management and customer service. It operates more than 100 sites in 22 countries and is the third largest automated materials handling systems supplier in the world in terms of total revenue in 2016, according to Modern Materials Handling magazine. As at 30 June 2017, its specialists had installed more than 4,500 integrated systems for small, medium-sized and large companies in a broad variety of industries, including the fast-growing e-commerce sector.

Automobiles and Other Major Automobile Components

Heavy-duty Trucks

Overview

The Group manufactures and sells a diverse portfolio of self-branded heavy-duty trucks in more than 90 countries around the world, which primarily consist of tractors, dump trucks, cement mixers and transport trucks. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the Group sold approximately 91,800 units, 56,000 units, 82,000 units, 37,700 units and 73,300 units of heavy-duty trucks, respectively.

The Group manufactures and sells heavy-duty trucks through Shaanxi Zhongqi, a subsidiary of the Guarantor. Shaanxi Zhongqi is one of the Top 500 Enterprises in China and the largest manufacturer of new-energy commercial vehicle in Northwest China. In 2016, Shaanxi Zhongqi was ranked fourth for sales in the domestic heavy-duty truck industry by the CAAM. Shaanxi Zhongqi has a national standard technology research and development centre, including a post-doctorate research position. It has also established the first Heavy-duty Truck New Energy R&D and Application Lab in the domestic heavy-duty truck industry. Many of the projects undertaken by Shaanxi Zhongqi have been listed in the PRC government's National 12th Five-Year 863 Project and it has a comprehensive research and development platform and support system for its products. Shaanxi Zhongqi was first to introduce a pure-electric port tractor in China and maintains an industry-leading position in respect of new energy heavy-duty trucks technology.

Description of Key Products

The Group now manufactures two major series of heavy-duty trucks under the brand “DeLong” (德龍) and the brand “AoLong” (奧龍), which include several sub-series such as DeLong Tractor, DeLong Dumper, DeLong Cargo, DeLong Cement Mixer, AoLong Tractor and AoLong Dumper. DeLong M3000 series products, especially the green intelligent slag car, are very popular in the market. DeLong F3000 high-end heavy-duty truck is equipped with the original MAN technology, and has been selected as the exclusive racing truck in National Truck Race by the organizing committee. DeLong X3000 heavy-duty tractor is a new product designed for large-sized object transportation which meets the China No. V National Emission Standards and the more recently launched DeLong X3000 Gold Edition is paired with WP13 engine for high-efficiency transport logistics.

DeLong X3000 Gold Edition Tractor Characteristic

Characteristics	Range of specifications
Number of basic models	4
Engine types	WP13
Engine power.	480-550 PS
Maximum speed	110 – 126km/h

DeLong F3000 Tractor Characteristics

Characteristics	Range of specifications
Number of basic models	4
Engine types	WP10.290/310/336/375, WP12.336N/375N and ISME345 30/385 30
Engine power.	350 – 450 PS
Maximum speed	130 km/h

DeLong Cement Mixer Characteristics

Characteristics	Range of specifications
Number of basic models	3
Engine types	WP10.290/336/375 and WP12.336/375
Engine power.	290 – 375 PS

DeLong Tractor Characteristics

Characteristics	Range of specifications
Number of basic models	6
Engine types	WP10.270/290/336/375 and WP12.336N/375N
Engine power.	270 – 375 PS
Maximum speed	99 km/h

DeLong Dumper Characteristics

Characteristics	Range of specifications
Number of basic models	6
Engine types	WP10.270/290/336
Engine power.	370 – 336 PS

Competition

The PRC heavy-duty truck manufacturing industry is highly concentrated and competitive. The Group faces competition from other PRC manufacturers, such as Faw Group, Dong Feng and Sinotruk, and non-PRC manufacturers. Foreign heavy-duty truck manufacturers that have formed Sino-foreign joint ventures in China to produce heavy-duty trucks or have established technological collaborative relationships with local manufactures include Volvo Truck Corporation and Daimler AG. Intense competition in the heavy-duty truck industry in China has increased pricing pressure as well as generated incentive for heavy-duty truck manufacturers in China to hasten technological innovations.

The Guarantor believes that the principal factors affecting competition in the Chinese heavy-duty truck market are research and development, product quality, pricing, brand recognition, customers' delivery schedules, responsiveness to design specifications of customers, distribution channels and capabilities, and customer services. To further improve its competitiveness, the Group plans to strengthen its research and development capabilities, diversify and upgrade its product lines, increase quality and cost control, further promote its brand names through advertising and improved after-sale services.

Gearboxes for Heavy-duty Trucks

The Group manufactures heavy-duty gearboxes mainly through Fast Gear, a subsidiary of the Guarantor. During the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the Group sold approximately 620,000 units, 407,000 units, 501,000 units, 245,900 units and 427,300 units of heavy-duty gearboxes, respectively.

Fast Gear now possesses an aggregate annual production capacity of approximately 1,000,000 units of gearboxes. The automotive transmission products of Fast Gear range from four gears to twenty-four gears and are suitable for use in a wide range of vehicles, including heavy-duty trucks, large passenger vehicles, medium- to light-duty trucks, construction vehicles and low-speed transport and other vehicle types with input torque from 400 Nm to 3,000 Nm. Fast Gear has been selected by more than 150 domestic OEMs as a designated gearbox supplier and its products have been exported to more than ten countries in the world.

Gears

The Group operates gear production primarily through Zhuzhou Gear Co., Ltd. (株洲齒輪有限責任公司) (“**Zhuzhou Gear**”). Zhuzhou Gear has been selected as China’s Top 100 Auto Parts Suppliers (中國百佳汽車零部件供應商) by China Automotive News, and it has also participated in drafting the China Association of Gear Manufacturers (中國齒輪製造商協會) standard. Zhuzhou Gear has established two product platforms consist of gearboxes and special type drives.

Axles

The Group manufactures and sells axles through Shaanxi Hande Axle Co., Ltd. (陝西漢德車橋有限公司) (“**Hande Axle**”), one of its subsidiaries jointly established by the Guarantor and Shaanxi Automotive on 23 March 2003. Hande Axle is classified as a high-tech enterprise, which has two plants in Xi’an and Baoji with over 3,800 employees, including more than 600 engineers and technicians. Hande Axle is a designated supplier of axles for PRC military equipment manufacturers and other well-known domestic manufacturers of heavy-duty trucks and passenger vehicles.

Hande Axle’s products can be used in a wide range of vehicles, including heavy-duty and medium-duty trucks, passenger vehicles and engineering vehicles and SUVs. Its axle products mainly consist of four major series with 76 varieties and 2,700 models, which include a 5.5T-16T steering front axle, 10T-35T double reduction drive axle, 9T-13T single reduction drive axle, 5T-13T steering front drive axle and 5T-16T trailer bridge. By virtue of its unique technical advantages and strong load capacity and torque transmission capability, Hande Axle’s double reduction drive axle and single reduction drive axle products are considered best-in-class in the PRC domestic market.

Other Components

Apart from the production and sale of diesel engines for trucks and construction machinery, heavy-duty trucks, gearboxes and gears, 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, piston pins, chassis, air-conditioner compressors, etc. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, revenue from manufacturing and sales of other components was RMB2,575.5 million, RMB1,807.9 million, RMB1,998.5 million, RMB1,008.4 million and RMB1,187.9 million, respectively.

Spark Plugs

The Group manufactures and sells spark plugs mainly through its subsidiary Zhuzhou Torch Sparkplugs Co., Ltd. (株洲湘火炬火花塞有限責任公司) (“**ZTSP**”) which was established in 1961 as a state-owned company.

The spark plug products sold under ZTSP’s brand name consist of 21 series and more than 200 models which are widely applied to automotive, motorcycles and small-sized gasoline engines. ZTSP possesses industry-leading technology to manufacture platinum spark plugs, iridium-platinum spark plugs, multi-ground electrode spark plugs, V-cut centre-electrode spark plugs, surface-sparking plugs, nickel-copper spark plugs, V-groove centre-electrode spark plugs. ZTSP has also established an industry-leading spark plugs R&D institution, and its R&D work for high-end products has achieved the world leading level. ZTSP is one of the few companies who have obtained the production technology of iridium-platinum spark plugs and the only company in China.

Piston Pins

The Group manufactures and sells piston pins through Zhuzhou Torch Mechanical Manufacturing Co., Ltd. (株洲湘火炬機械製造有限責任公司) (“**Zhuzhou Torch Mechanical**”). Zhuzhou Torch Mechanical’s products include gas and diesel engine piston pins, valve tappets, special sharpened pins and steering knuckle kingpins. It has been selected as an exclusive supplier by various engine manufacturers and has established long-term cooperative relationships with a number of industry leaders, including Yuchai and Xichai. It has also been recognised and designated as “Excellence Supplier” and “Zero Defect and Inspection-Free Product” by Yuchai, Xichai, and other OEMs. Zhuzhou Torch Mechanical’s products have been exported to North America, Europe and other countries. Zhuzhou Torch Mechanical is equipped with advanced production line and equipment, such as an AICHELIN continuous heat treatment furnace, heat treatment production line, a German MIKROSA high precision hollow grinding machine and inspection equipment.

Hydraulic Controlling Parts

The Group designs, manufactures and sells a variety of hydraulic controlling parts, such as pumps, motors, CVTs, valves and power transmissions. It operates this business primarily through Linde Hydraulics and its subsidiaries and affiliates in Europe and China. Linde Hydraulics, whose operation can be traced back to 1904, is based in Aschaffenburg, Germany. It is a global developer and supplier of modular drive systems consisting of hydraulics, electrical engineering and electronics and has approximately 1,400 employees located in four production bases in Germany and oversea offices in Europe, United States and China. It became a subsidiary of the Guarantor in 2012. See “— History and Development — Acquisition of KION.”

As a leading technology provider in the field of high-pressure hydraulics, Linde Hydraulics produces the hydraulic systems that set the standard in terms of significantly reducing fuel consumption and carbon dioxide emission. Its product range comprises hydraulic pumps and motors, valves, electronic controls, peripheral devices, rotary drives and electric motors. Linde Hydraulics has established cooperative partner relationships with and is the supplier of a number of reputable manufacturers of mobile working machinery, including construction, mining, agricultural, forestry and municipal utility machines, as well as manufacturers of industrial machinery.

Recently, the Group has independently developed WISE 40 hydraulic controller, which can be applied on various models of construction machinery including bulldozers, loaders, agricultural machinery and excavators. During the six months ended 30 June 2017, the Group sold more than 5,400 hydraulic pumps and hydraulic motors that were manufactured domestically, representing a year to year increase of 66.0 per cent.

THE GROUP’S RECENT INVESTMENT

On 20 March 2017 (New York time), Weichai America, a wholly-owned subsidiary of the Guarantor, entered into a share purchase agreement with PSI (stock code: PSIX) for the purchase of 2,728,752 ordinary shares and 2,385,624 preferred shares (convertible into 4,771,248 ordinary shares in the future) of PSI, with an expected investment amount of US\$60 million. Following this transaction, Weichai America owned an aggregate of 40.71 per cent. of PSI’s total issued and outstanding ordinary shares on a fully diluted basis (assuming the conversion of the purchased preferred shares into PSI’s ordinary shares as of such time). Additionally, Weichai America was issued a share purchase warrant upon the closing date of the share purchase agreement which would have a limited exercise window of 90 days beginning on the eighteen month anniversary of the date of issuance. The warrant is exercisable for 4,055,709 ordinary shares, or such number of additional shares of ordinary shares such that upon exercise Weichai America will hold an aggregate number of shares of ordinary shares equal to 51 per cent. of the total ordinary shares outstanding.

Founded in 1985, PSI is a leading global engine manufacturer and distributor founded under the law of the state of Delaware, producing various types of high-performance, certified low-emission engines of natural gas, propane and other non-diesel fuel. Its products are in various platforms with wide power coverage, and are in compliance with EPA and CARB Emission Standards. They are applied in a wide range of areas, mainly for power generation, industrial mobile applications, transportation, etc. The customers of PSI include many large multinational OEMs that manufacture industrial equipment. PSI is the sole supplier of alternative fuel power systems for many customers, and its power systems are currently being used by OEMs for a wide range of applications, including fixed generators, oil and gas equipment, forklifts, aerial work platforms, industrial sweeping machines and other industrial equipment. In addition, PSI has introduced a range of alternative fuel power systems specifically for the on-road market.

After the completion of the transaction, the Group and PSI will form a strategic partnership to cooperate closely in China and North America in a number of areas, including product development and sales. With PSI's technology, experience, existing customer base, sales channel and service network in North America, the Group will have better access to the power system market in North America. The Group will also cooperate with PSI in a number of R&D projects, including the development of more powerful non-road engines and to the technology upgrade of gas engines. At the same time, the Guarantor has the right to appoint at least two directors to join PSI's board of directors, and one of them will be appointed chairman of the board to effectively ensure the Guarantor's discourse on PSI significant events and achieve strategic objectives.

The investment in PSI is an important strategic plan for the Group's positive participation in the global high-end power system market competition. The Group will focus on strengthening global business collaboration, especially the development of the North America market, and constantly enhance its global business layout and international competitiveness.

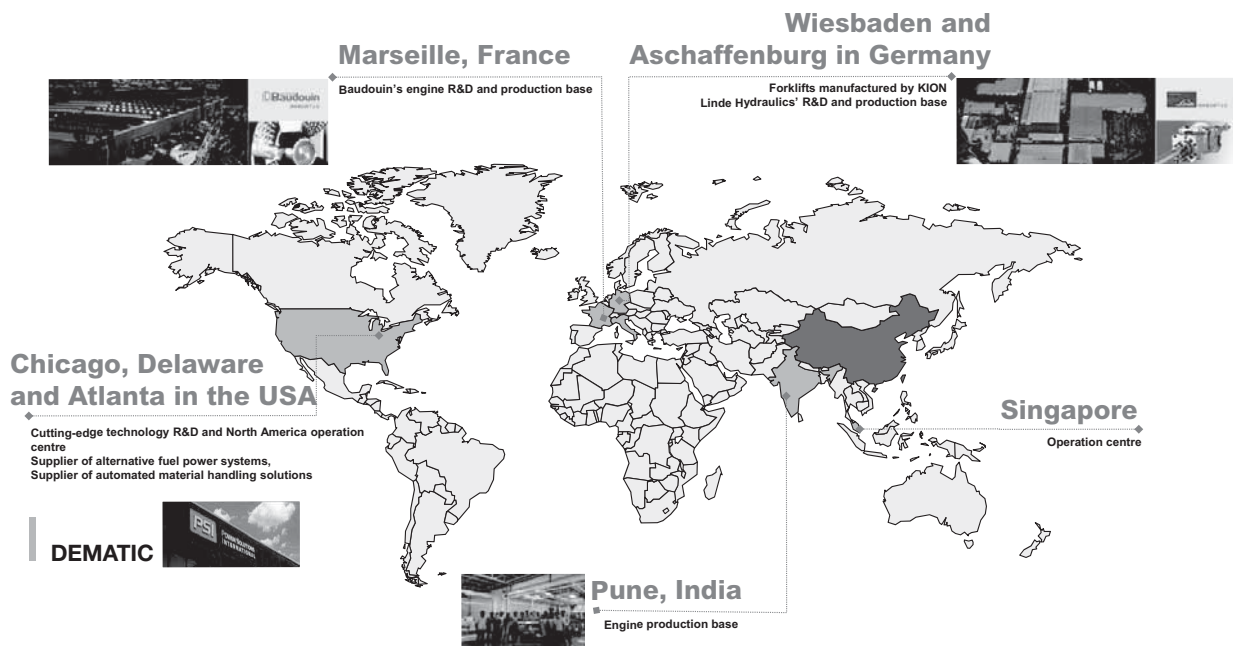
PRODUCTION

The Group has established global production capabilities in China, covering a wide range of products and services in the automotive manufacturing business. In addition to KION's established global presence, the Group currently has eight manufacturing bases globally, including:

- a Weifang-centred manufacturing base focusing on all-series engine production;
- a Xi'an-centred manufacturing base focusing on heavy-duty truck and transmission system production;
- a Chongqing-centred manufacturing base focusing on large-horsepower engine and automobile production;
- a Zhuzhou-centred manufacturing base focusing on automotive electronics and parts production;
- a Yangzhou-centred manufacturing base focusing on light-duty vehicle engine production;
- two manufacturing bases focusing on diesel engines in India and France; and
- a manufacturing base focusing on transmission products in Thailand.

As at 31 December 2016, the Group had a total designed engine production capacity of approximately 700,000 units per year and a total designed heavy-duty truck production capacity of approximately 165,000 units per year.

The following maps set forth the locations of the Group's domestic and overseas manufacturing bases, operation and service centres as at the date of this Offering Circular:



The following table sets forth the designed production capacity and actual production volume (in approximate amounts) of the Group's production facilities for its primary products as at the dates and during the periods indicated:

	Year ended 31 December					
	2014		2015		2016	
	Production Capacity	Actual Output	Production Capacity	Actual Output	Production Capacity	Actual Output
	(thousand units)					
Diesel Engines	750.0	498.2	670.0	275.3	700.0	382.4
Heavy-duty Trucks	160.0	91.8	160.0	55.9	165.0	82.2
Gearboxes	897.6	620.1	1,000.0	406.5	1,000.0	500.7

SUPPLY OF RAW MATERIAL AND COMPONENTS

The Group's production requires steel, aluminium ingots, furnace materials such as cast iron, scrap steel, sand and coke, and chemicals as raw materials and a number of parts and components. The Group outsources certain engine components such as high pressure common rail systems, turbo chargers, motors, crankshaft, connecting rods, pistons, spark plugs, pumps, and camshafts. The Group manufactures some of the parts and components in-house to control their quality and sources majority of its raw material and components from both independent third party suppliers in China and others from its related companies. Its suppliers include many well-known parts and components suppliers such as Bosch Group. These reputable suppliers provide the Group with a reliable supply of quality components, such as high pressure common rail systems, which are crucial to the functionality and performance of the Group's engine products. The Group maintains a good and stable relationship with its suppliers in general. A majority of the Group's suppliers of the raw materials for engine production have worked with the Group for over 15 years and the Group has entered into strategic alliance with Bosch Group.

The Group maintains a pool of pre-approved suppliers that meet its quality standards. It normally selects suppliers based on their quality assurance, prices, technological capabilities, production capacities and delivery time in order to ensure competitive terms and reliability of supply.

The Group normally enters into framework agreements with its suppliers on an annual basis at the beginning of each year, which provide for the types and models of components the Group requires during the year. The Group places its orders through Weichai Power ISP supplier management system on monthly and daily basis, which provide for, among others, the unit price and the quantity of components procured under the contracts. The Group's suppliers normally grant it a credit term ranging from 30 to 150 days.

INVENTORY MANAGEMENT

The Group's inventories include materials in transit, raw materials, work in progress, finished goods, materials under entrusted processing, self-made semi-finished goods, turnover materials and second-hand vehicles. The Group conducts regular assessments on its inventories. The Group generally manufactures its products and purchases engine components and other raw materials according to its annual, monthly and daily manufacturing plans which are determined by confirmed purchase orders as well as projected sales. The Group normally holds a trading fair with its customers and distributors to exchange information about the market and anticipated sales at the beginning of each year, and such information is taken into consideration for the Group to make plans for production and sales in the coming year.

The Group's customers normally enter into a one-year supply contract and place their orders on a monthly and daily basis. The Group arrange its daily production plan according to the online orders and inventory management system monitoring its product sales information and inventory level. The Group's warehousing facilities include a main engine and accessory products warehouse in Weifang, 14 main engine warehouses located close to many of the Group's large customers and over 60 accessory warehouses to ensure timely delivery of its products and to manage its standing inventory levels. The Group also has a quota system to control its inventory levels for main engine and accessories. The Group has established an online inventory control system tracking in-coming and out-going inventory.

LOGISTICS

In most cases, the Group engages independent third-party logistics companies to deliver its products to its customers, with the logistics companies bearing the risks associated with the delivery. Occasionally, the Group's customers choose to take delivery of products from the Group's facilities and bear the transportation costs themselves. The Group also established warehouses near the locations of its major customers to shorten the delivery time to its customers. During the three years ended 31 December 2016 and six months ended 30 June 2017, the Group did not experience any material disruption in the delivery of its products and the Group did not suffer any loss or pay any compensation as a result of delays in delivery or poor handling by the independent third-party logistics companies.

The Group has stringent criteria for the selection of independent third-party logistics companies, such as market reputation, business scale, track record and cost. The Group evaluates their performance on a yearly basis. The engagement of independent third-party logistics companies to deliver the Group's products to its customers allows the Group to reduce its capital investment in establishing its own logistics team and reduce the risk of liability for transportation accidents, delivery delays and loss. Historically, the Groups has not encountered any difficulty on the delivering its products.

For the years ended 31 December 31, 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the Group's total freight and packaging costs were RMB683.8 million, RMB763.9 million, RMB849.3 million, RMB412.1 million and RMB481.3 million, respectively, accounting for 13.4 per cent., 12.2 per cent., 11.1 per cent., 11.8 per cent. and 9.6 per cent. of its total selling and distribution expenses for the same periods, respectively.

RESEARCH AND DEVELOPMENT

The Group believes research and development is the cornerstone of its competitiveness, growth and development. The Group focuses on designing and developing new models of engines and automotive equipment based on market demands and trends as well as improving the performance and functionality of their existing product models. The Group has a State-level Key Laboratory for Testing the Reliability of Internal Combustion Engines which is the only corporate laboratory in the internal combustion engine industry that has been listed on the Key State-level Corporate Laboratories published by the Ministry of Science and Technology of the PRC, a modern National Corporate Technological Centre, and a top-class product testing centre in China. In June 2017, the Product Testing Centre of Weichai Institute of Technology was certified by EPA, making it the only testing centre being certified by EPA in China, according to the official website of the Shandong SASAC. The Group has established a post-doctoral program and set up research and development centres in the US, Europe, and cities of Weifang, Shanghai, Chongqing, Yangzhou and Xi'an in China. The Group actively collaborates with key research institutions and universities to drive technology innovation and development, such as Tsinghua University and Massachusetts Institute of Technology. As at 31 December 2016, by leveraging its leading research and development platform and resources, the Group has undertaken and participated in 22 national projects that have been acknowledged as the "863 Projects" (which represents China's highest level of technology research and development projects), seven provincial R&D projects and participated in forming more than 65 industry and national standards. The Group has successfully developed engine models that meet the requirements of the China No. III, IV and V National Emission Standards and Euro No. VI Emission Standards before the relevant standards were released. As at the date of this Offering Circular, the Group

manufactured and sold more than 20 series of diesel engines, in various displacement ranging from 2L to 40L (inclusive) and power ranging from 20kw to 1100kw (inclusive), which can be used for commercial vehicles, machinery construction, agricultural equipment, industrial power, power generation and vessels. Seven out of these 20 series (including RA, WP5/7, WP9H/10H, WP12/13) meet Euro No. VI Emission Standards. Recently, the Group has successfully completed the development and economic optimisation of 2L to 17L full-range engines that meet the requirements of the China No. V National Emission Standards and China No. V City National Emission Standards. In 2016, the Group launched WP9H and WP10H engines, two high-end diesel engines that meet the requirements of the China No. V National Emission Standards and the Euro No. VI Emission Standards. WP9H engine and WP10H engine each has a B10 life of up to 1.8 million kilometres and 30,000 hours.

Recently, the Group had made a major breakthrough in high-pressure common rail fuel injection key technology and system integration application. In addition, the application of the Group's self-made fuel system on WP4.1/6/10 engines that meet Stage III Emission Standards for non-road diesel engines, its gas injection pumps and common rails have been tested by the market. Furthermore, the Group's Series S gearboxes are now fully compliant with international standards as a key strategic product tapping the international market. The gearboxes have been successfully applied in high-end vehicle models by mainstream manufacturers in China, and have been sold to the US, the Netherlands, Austria and other countries and regions. As for ECU sales and marketing, the Group has independently developed WISE ECU, which can be applied on various models of engines that meet the China No. IV and V National Emission Standards, Euro No. VI Emission Standards and Stage III Emission Standards for non-road diesel engines. In 2016, the Group sold approximately 80,000 units of WISE ECU.

The Group has also actively invested in the development and support of new energy products over the years, nurturing its technology strengths for future development. For example, the Group has successfully developed new energy powertrain products with full power system coverage, including parallel system, hybrid system, pure electric system and extended range system. In 2016, the Group sold approximately 3,000 units of new energy powertrain products. The Group has also launched new energy products such as commercial vehicles and new energy forklift trucks. In addition, the Group has subscribed 10,427,820 newly issued ordinary shares of Foresight Energy (stock code: 834626) at a consideration of RMB49.9 million in 2016. As a result of this transaction, the Group owns 33.5 per cent. of the issued share capital of Foresight Energy. Foresight Energy is a high-tech enterprise engaging in fuel cell technology and products and applications that is listed on the National Equities Exchange and Quotations. The Group's investment in Foresight Energy shows its commitment to further strengthen its layout in new energy area and to pave the way for future technology development and product upgrades.

The Group has won numerous prestigious national awards since its inception. See “— Awards” for the detail information of awards the Group received. Notably, in recent five years, the Group was awarded government grant to support a number of its research and development projects. In addition, in 2004 the Group became one of the first domestic engine manufacturers to obtain ISO/TS16949 quality management system accreditation. The Group has also achieved the honours of being the third group of innovative enterprises by Ministry of Science and Technology and SASAC, Science Technology Prize of Chinese Machinery Industry jointed awarded by Ministry of Science of Technology and China Machinery Industry Federation, a “National High Technology Enterprise” by Department of Science & Technology of Shandong province, “Top Ten Self-innovative Brand in Shandong Machinery Industry,” and 2014 “National Innovative Prize for E-Business Integration.” In 2016, the Group was awarded Most Innovative Industrial State Owned Enterprise (最具創新的國有工業企業) in the Best Innovator China 2015 Award Ceremony (2015年中國最佳創新企業評選頒獎典禮) co-organised by A.T. Kearney, an internationally renowned management consulting firm and Bloomberg Businessweek, Chinese Edition, and the Group's “Key Technologies and Application in Low-noise Design of Diesel Engines” (柴油機低噪聲設計關鍵技術及應用) was awarded the Second Class Award of National Science and Technology Progress Award (國家科技進步獎二等獎) at the Ceremony of the State Science and Technology Awards (國家科學技術獎勵大會). For the years ended 31 December 31, 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the Group's R&D expenses amounted to RMB3,355.7 million, RMB3,250.8 million, RMB3,559.7 million, RMB1,458.5 million and RMB2,361.1 million, respectively, which accounted for 4.2 per cent., 4.4 per cent., 3.8 per cent., 3.4 per cent. and 3.3 per cent., respectively, of its revenue for the same periods.

In-house Research and Development Capabilities

The Group undertakes a majority of its research and development activities in-house. The Group performs thorough market analysis and feasibility studies before commencing any product research and development project and focuses on products that have the potential to gain widespread market acceptance or become the best among similar classes of products on the market. The Group reaches out to potential customers early in the product development stage and communicates with its customers on a regular basis to understand their needs. The Group's R&D activities focus on developing six important capabilities, namely, advanced technical research ability, production collaborative design ability, performance development ability, reliability development ability, experimental verification ability and CAE computer stimulation ability. Leveraging on its R&D experience, the Group has undertaken and participated in 22 national projects that have been acknowledged as the "863 Projects" (which represents China's highest level of technology research and development projects), seven provincial R&D projects and participated in setting up more than 65 industry and national standards.

As at 31 December 2016, the Group has more than 5,900 technicians including approximately 4,064 R&D specialists. The Group's research and development personnel have years of relevant industry experience in mechanical engineering, internal combustion and other related areas. The Group believes that its research and development personnel have deep understanding of the PRC automotive and equipment manufacturing industry and regulatory environment. The Group's research facilities are equipped with advanced design software, equipment and instruments from leading international machinery, auto parts and automotive manufacturers to strengthen its research and development capabilities and to improve the performance of its products in areas such as power, fuel consumption, emissions and reliability. The Group has entered into confidentiality agreements with its research and development personnel that secure its rights to relevant intellectual property developed by them during their term of employment.

The Group's research and development track record has been acknowledged by the PRC government and the Group has received government funding in recognition of these proven capabilities. For the years ended 31 December 31, 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the Group received government grants in the amount of RMB151.9 million, RMB228.1 million, RMB207.0 million, RMB81.0 million and RMB39.9 million, respectively, in the form of government funding or subsidies in relation to various research and development projects to enhance its competitiveness in its industry and to promote its new products.

Collaborations with Other Institutions

In addition to its independent product development, historically the Group has also entered into long-term collaboration arrangements with leading international machinery, auto parts and automotive manufacturers, consulting firms and prestigious universities, such as AVL, Steyr, Ricardo plc, Tsinghua University and Massachusetts Institute of Technology to develop new technologies to improve the performance of its products in areas such as fuel consumption, emissions and reliability. Normally, the intellectual property rights developed during the process, if independently developed by one party, are owned by that party, and if jointly developed, are jointly owned by the Group and its research partners. The Group plans to increase its collaborations with its existing research partners as well as new research partners. The Group believes these collaborations will help it to further strengthen its research and development capabilities and expand its product portfolio and pipeline. The Group's important R&D projects include the following:

- Development of "Key Technologies and Application in Low-noise Design of Diesel Engines" (柴油機低噪聲設計關鍵技術及應用);
- Development of software applications for electric-controlled engine systems;
- Development of electric-controlled high pressure fuel injection technology for the Group's M26 series electric-controlled diesel engines and RA series diesel engines;

- Development of hybrid power systems for bulldozers;
- Study on the adoption of Exhaust Gas Recirculation by WP10 two-valve diesel engines, reaching Euro No. IV Emission Standards;
- Development of M3000 and C/LNG series automobiles.

CUSTOMERS

The Group sells its products to OEMs, distributors and other customers worldwide, which include automotive manufacturers, automotive components manufactures and heavy-machinery manufacturers. The Group maintains a stable relationship with its customers with an average of approximately 10 years relationship with its top ten customers. Since 2013, the Group has further strengthened its strategic cooperative relationship with some of the top automobile and heavy machinery manufacturers in the world.

Supply Agreement

Once the Group becomes a selected engine supplier, it normally enters into a one-year supply agreement with its customer at the beginning of the year. Its supply agreements are normally on a non-exclusive basis. The key terms of the supply agreement generally include but are not limited to the prices of its products, estimated annual purchases, warranty, credit period and return policy. The Group's customers provide it with an estimate of their annual purchases at the beginning of the year and place orders with it on a periodic basis.

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.

Warranty Policy

The Group provides warranties on its products to all of its customers. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the Group's after-sales and product return fee amounted to RMB1,068.1 million, RMB583.3 million, RMB1,313.5 million, RMB513.0 million and RMB1,138.8 million, respectively.

Product Return Policy

The Group's product return policy only allows products to be returned due to product defects as assessed and agreed upon by its quality control team.

Strategic Alliances with Key Customers

The Group entered into strategic alliance with several key customers. The following table sets forth the Group's recent cooperation with its key customers:

Customers with Strategic Alliances	Signing Date of Latest Strategic Cooperation Agreement
Anhui Jianghuai Automobile Co., Ltd.	December 2013
FOTON Motors Group.	May 2014
Dayun Automotive Group Co. Ltd	June 2014
Guangdong Provincial Communication Group Company Limited. . .	August 2014
Bosch Group.	September 2014
Xuzhou Construction Machinery Group.	September 2014
Foshan Shunde Transportation Co., Ltd.	November 2014
Beiben Truck	March 2015
Caterpillar Inc.	April 2015
CNPC Transportation Company Limited.	June 2015
Shenhua Group and Entropy Zero Group.	December 2016

SALES AND MARKETING

The Group sells its engine products through a combination of direct sales and dealership to its end customers. For the engine products, the Group has set up a service network consists of approximately 4,500 designated Weichai repair services centres in China, overseas representative offices in more than 30 countries and approximately 350 service stations to directly interact with customers in different regions. The Group sells its heavy-duty trucks mainly through automotive dealers and agents in China and overseas automotive dealers for the sales to the other countries. The Group's heavy-duty truck sales network currently constitutes approximately 420 dealers in China and approximately 50 general dealers overseas. The Group directly sells its gearbox products to the automotive manufacturers.

The Group's sales team consisted of sales personnel with experience in the automotive and engine industries and are familiar with industry practice and trends. By virtue of its high quality products, state-of-the-art technology and broad distribution and service network, the Group's engine products and heavy-duty trucks are sold to more than 110 and more than 90 countries, respectively.

The Group exports its products through Shandong Weichai Import and Export Co., Ltd. (山東濰柴進出口有限公司) (“**Weichai Import and Export**”) and third-party dealers in more than 110 countries and areas. The Group has established operating centres in Chicago in United State and Singapore and production bases in Marseilles in France, Frankfurt in Germany, Pune in India and in Thailand. By acquiring KION, Linde Hydraulics, Egemin, Retrotech and Dematic and making investment in PSI and elsewhere in the world, the Group's global presence now covers Asia, Europe, North America and Africa. In addition, the Group exports selected products to countries of Asia Pacific, Africa and South Asia and technology to Myanmar and Ethiopia. In 2016, the Group's overseas sales accounted for approximately 48.0 per cent. of its total revenue.

Pricing

The Group determines and adjusts its product prices on the basis of market supply and demand, production costs, pricing of comparable products in the market and prevailing market conditions. Pricing is considered in the product development stage when the Group proposes its products' prices to relevant customers. The Group may price its products at a premium for its reputation and product quality when competing with other domestic manufacturers. For products facing intense competition, the Group prices its products to remain competitive against comparable products in the market and to obtain new market share. The Group strives to maintain its competitiveness through providing high-quality products and aftersales services. The Group conducts periodic reviews of its pricing policy.

Customer Service

The Group provides a comprehensive pre-sales and after-sales customer services. The Group works closely with its customers and potential customers to understand their needs and offer advice to them to help them select the products that are suitable to their requirements and specifications. The Group offers after-sales services to its customers with “5P”, namely professional service, professional parts, professional oil, professional technological product and professional remanufacture.

The Group offers on-site and off-site technical support through over its 4,500 designated Weichai repair services centres, overseas offices and authorized third-party service stations in both China and overseas. The Group also established an online platform for after-sale services. This large service station network ensures that the Group’s customers are able to optimize their use of its products. The Group’s customer service strategy also enables it to obtain feedback from its customers and potential customers, which in turn helps it to introduce new products or improve its existing products to better meet their customers’ diversified needs.

QUALITY CONTROL

The Group believes that effective quality control is critical to maintaining the quality of its products and maintaining its reputation and success. The Group endeavours to ensure that its products consistently meet high industry standards and requirements. It has obtained GJB9001B certification and ISO/TS16949 certification for its quality management systems in 1995 and 2004, respectively, which indicates its compliance with internationally recognised standards for quality control. The Group has established a strict quality control system to monitor and control each stage of its production process, including raw material and components procurement, manufacturing and inspection of finished products, to ensure the quality of the final products. The Group also strives to improve its quality control system and practice by engaging outside consultants. At each stage of the production process, dedicated quality inspectors are assigned to inspect each process according to pre-determined standards and inspection conditions and to record inspection results. As a result of its stringent quality assurance system, the Group has not experienced any material quality problems or material product defects, or received any material quality complaints from its end-user customers, during the three years ended 31 December 2016 and the six months ended 30 June 2017. See “Risk Factors — Risks Relating to the Group’s Businesses — The Group may face potential product liability claims or suffer losses due to product defects or recalls.”

INTELLECTUAL PROPERTY

The Group values the importance of intellectual property rights to its business and is committed to the development and protection of its intellectual property rights. As at 30 June 2017, the Group globally had approximately 2,500 registered patents and more than 1,300 registered trademarks relating to its engine, heavy-duty truck and gearbox products.

The validity period for the Group’s utility patents is ten years and the validity period for its invention patents is 20 years in China, starting from the date the relevant application is filed. A patent holder in the PRC enjoys the exclusive right to exclude others from using, licensing and otherwise exploiting the patent in China.

The Group enjoys significant brand recognition in the PRC automotive and equipment manufacturing industry, for example, “Weichai Power Engine,” “Fast Gear,” “Hande Axle” and “Shanqi Heavy Duty Truck” products have been recognised as “Chinese Famous Products” and “Well-known Trademarks in China” by the Trademark Bureau of the State Administration For Industry and Commerce of the PRC. Under PRC law, the Group has the exclusive right to use a trademark for products and services that it has registered with the PRC Trademark Office of the SAIC. Trademark registration in the PRC is valid for ten years, starting from the day the registration is approved. If the Group believes that a third party has infringed upon the exclusive right of its registered trademarks, it may, through appropriate administrative and civil procedures, institute proceedings to request an injunction from the relevant

authority or resolution of the infringement through consultation. The relevant authority can also impose fines, and confiscate or destroy the infringing products or equipment used to manufacture the infringing products.

During the three years ended 31 December 2016 and the six months ended 30 June 2017, the Group was not aware of any infringement of its intellectual property rights, including incidents involving counterfeit or imitation products, which had a material adverse effect on its business.

Some of the Group's manufacturing methods or processes involve unpatented, proprietary technology, processes, know-how or data. With respect to such proprietary know-how that is not patentable and processes for which patents are difficult to enforce, the Group relies on trade secret protection and confidentiality agreements in order to protect its interests. All of its research and development personnel have entered into confidentiality, non-competition and proprietary information agreements with the Group. These agreements require such employees to assign to the Group all of their inventions, designs and technologies that they may develop during their periods of employment. See "Risk Factors — Risks Relating to the Group's Businesses — Measures to protect the Group's intellectual property rights against infringement may not be adequate and the Group may be exposed to infringement claims."

COMPETITION

In each of its operating segments, the Group competes with a number of other domestic and international manufacturers and distributors that produce and sell similar products, primarily including engines, heavy-duty trucks, axles, gearboxes and hydraulic controlling parts as well as customers that no longer wants to out-source its production. The Group's products compete mainly on the basis of performance, speed of delivery, customer support and price, fuel economy, eco-friendliness and other technical features. For the competition environment and industry information for each of the Group's primary products, see "— Products."

General factors affecting the development of the Group's business include the following:

- The PRC economy's growth rate has slowed down in recent years and competition in the engine and vehicle manufacturing industry is becoming increasingly intensive. Influenced by a decrease in the investment growth rate, overcapacity in certain industries and other macro-economic factors, the downward pressure for the PRC economy has been strong. Production capacity for industries related to the Group has been growing in recent years, while demand remains weak and cost pressure is increasing. Complete machinery and whole vehicle manufacturers are producing engines on their own and there is clear a trend for vertical integration and greater difficulty to maintain market share. The Group is facing pressure in maintaining its market share among major engine manufacturers and the competition in full-series and large displacement engines market is especially intensive.
- Industry policies and regulatory requirements are becoming more stringent in China. With the gradual enhancement and implementation of the PRC's environmental protection laws, the market's expectation towards products are increasing and same is true for automotive equipment manufacturers' cost of operation. Further, the accelerating upgrade of emission standards and their strict enforcement will result in the "survival of the fittest" and expansion of market share of the industry leaders.
- Long-term favourable factors will support continued growth in the automotive and equipment manufacturing industry. Benefiting from and driven by factors such as urbanization and development in marine industry, related industries such as passenger vehicles, power generation, marine and agricultural machinery will continue to grow. Moreover, implementation of the "Belt and Road" initiative, establishment of free trade zone and regional economic and trade cooperation together with the development of emerging economies will drive the demand, exportation and development of PRC automotive and machinery industry.

To meet the challenges and seize the opportunities, the Group plans to take the following initiatives and strategic development plans:

- The Group intends to establish a balanced business structure. Through a series of structural adjustments, the Group will transform its industry structure from one that is driven by domestic Chinese investment to one driven by both domestic investment and consumption. The Group will adjust its regional structure to move from a domestic-oriented focus towards both a domestic and international focus. The Group also intends to optimize the economic cycle and life cycle of its respective business segments. These structural adjustments will strengthen the Group's capabilities to protect itself against risks and volatility.
- The Group intends to actively develop strategic emerging industries. Based on KION's and Linde Hydraulics' platforms, the Group will further explore high-end equipment manufacturing industry and develop new points of growth for the economy.
- Third, the Group intends to capture business opportunities arising from the PRC government's national development plans, such as the "Belt and Road" initiative, development of the Yangtze River Economic Zone and the "Development of West Regions" plan, etc.
- The Group will enhance its technology innovation ability and further strengthen its information technology support. The Group will establish an effective incentive mechanism to encourage innovation and promote development in certain of its key technologies.
- The Group intends to further enhance its international business.

ENVIRONMENTAL PROTECTION

The Group is subject to extensive national and local environmental protection regulations in China and other jurisdictions where it operates its businesses, primarily Europe.

Under the relevant PRC laws, the Group is not allowed to start any projects until it has obtained the required approvals from relevant environmental authorities and such authorities are satisfied with its environmental impact assessments. Under the Environmental Impact Appraisal Law of the PRC (《中華人民共和國環境影響評價法》) effective from 1 September 2003 and amended on 2 July 2016, the Group must submit environmental impact assessment reports to the Ministry of Environmental Protection at the relevant national, provincial or local levels with respect to any environmentally sensitive construction project, which, as set forth in the catalogue published by the Ministry of Environmental Protection, include engine and equipment production. For any environmentally sensitive construction project, the Group must engage a qualified environmental appraiser to assess the environmental impact of such project and prepare a report for submission to the relevant environmental authorities. In addition, PRC laws do not permit any environmentally sensitive construction project to begin construction until the government regulators are satisfied with the environmental impact assessment. Upon completion of the construction project, the Group is required to apply for inspection of the completed project with the relevant environmental protection authority. The Group engages qualified agencies to prepare relevant environmental impact assessment documents.

The Group's operations generate pollutants, which primarily include exhaust fumes, solid waste, waste oil and water and noise. Under PRC laws, the Group must obtain the relevant emission permits and is required to discharge only the pollutants of the types and quantities specified in the emission permits. As at the date of this Offering Circular, except for the Guarantor, the Group has obtained necessary pollutant discharge permits and complied with applicable PRC laws and regulations in treating and disposing of these pollutants. The Group believes the pollutions discharged are within the permitted emissions standards and will not have any material impact on the environment. The Group strives to reduce the environmental impact from its products and production processes and has adopted a number of measures to achieve this objective. See "Risk Factors — Risks Relating to the Group's Businesses — The Group may fail to comply with present or future applicable environmental laws and regulations."

In Germany, permits are required, inter alia, under the Federal Emissions Control Act ("**BImSchG**") and the Federal Water Act. Many of these permits impose specific requirements relating to, among others, the prevention of air pollution, noise control, the production, possession and handling of waste, including hazardous waste, the use of public water resources and the discharge of wastewater as well as the storage and handling of hazardous substances and occupational health and safety. If a permit under the BImSchG is not required, the construction and use of buildings require a specific building permit under applicable building and zoning laws. In addition, the Group's business operations are subject to regulation under the Federal Act on Soil Protection ("**BBodSchG**"), which requires it to take adequate precautions against soil contamination as well as the state water acts and further state laws applicable to contamination of soil and water (including groundwater). Where soil or water contamination was caused by the Group, or is present on sites the Group currently owns or uses or previously abandoned, the Group may be obliged to carry out investigations or implement remediation measures. It may be held responsible under the BBodSchG irrespective of any fault or negligence on its part.

During the three years ended 31 December 2016 and the six months ended 30 June 2017, the Group complied with applicable environmental protection laws and regulations in all material respects, and it has not received any warning, sanctions or fines imposed by the environmental authorities in China or other jurisdictions for incidents of non-compliance with respect to its production facilities.

HEALTH AND SAFETY COMPLIANCE

Pursuant to national and local health and safety laws and regulations in China, the Group is required to ensure a safe production and working environment for its employees by providing them with adequate protective clothing and gear, safety education and training and having dedicated safety management personnel, among other requirements. In addition, operators of some of the Group's heavy equipment must undergo special training and obtain special work permits. In order to comply with such laws and regulations, the Group has developed and implemented comprehensive safety systems and guidelines, such as "Administration Measures for Safe Production Responsibility System", "Administration Measures to Screen, Identify and Control Work Safety Accident", "Administration Measures for Hidden Hazards, Management Measures for Occupational Health", "Guide of Multi-Level Risk Control System Construction" and "Guide of Potential Danger Investigation and Recertification System Construction". The Group has also provided safety training for all of its personnel and has ensured that the operators of the heavy equipment have undergone the required special training. In addition, the Group also organises company-level safety inspection such as safety inspection before public holidays, specific inspection of safety responsibility implementation, seasonal safety check, centralised investigation in safety month, daily safety inspection. Moreover, the Group has obtained ISO14001 Certification for its environmental management systems and OHSAS18001 Certification for its occupational health and safety management system.

During the three years ended 31 December 2016 and the six months ended 30 June 2017, the Group has complied with all applicable state and local health and safety laws and regulations in all material respects. As at the date of this Offering Circular, the Group is not aware of any material violation relating to environmental health and safety. During the three years ended 31 December 2016 and six months ended 30 June 2017, there were no severe injury or production safety incident which resulted in fatality of the Group's employees. See "Risk Factors — Risks Relating to the Group's Businesses — The Group is subject to safety and health laws and regulations and the production operations entail significant risks of workplace injury or fatality."

EMPLOYEES

The Group operates its automotive and equipment manufacturing business globally. As at 31 December 2016, the Group had approximately 69,800 employees, including approximately 30,500 employees of KION.

For the years ended 31 December, 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the Group incurred total staff remuneration (including salaries, benefits and allowances) of RMB10,362.8 million, RMB14,265.1 million, RMB16,303.9 million, RMB7,670.1 million and RMB11,389.5 million, respectively.

Training and Remuneration

The Group places significant emphasis on staff training and development. The Group invests in continuing education and training programs for its management personnel and other employees with a view to constantly upgrading their skills and knowledge. The Group's staff training is either conducted internally by its management and various department heads or externally by training providers. In addition, the Group sends its manufacturing personnel to other industry-leading automotive engine manufacturers to observe and gain experience and techniques. The Group also provides regular training programs for its sales and after-sales personnel which include promotional skills, operational knowledge and product knowledge training, all of which seek to improve their sales and after-sales skills to better serve its customers. The Group conducts periodic performance reviews for all of its employees and their salaries and bonuses are performance-based.

Employee Relations

The Group believes it has maintained a good working relationship with its personnel. The Group has not experienced any strikes or significant labour disputes that have materially affected its business, financial condition or results of operations during the three years ended 31 December 2016 and six months ended 30 June 2017.

There are different organizations to represent the interests of employees within KION, including the local works councils, the German combined works council, which has additional powers in accordance with a collective bargaining agreement pursuant to Section 3, Paragraph 1, No 3 German Works Constitution Act, and the European works council. In Germany, KION has entered into umbrella collective bargaining agreements with the unions for the workers of the metal industry, and it enters into specific agreements with the works councils. KION interacts with these councils and with the respective unions in a cooperative and solution-oriented manner.

Employee Benefits

In accordance with applicable PRC laws and regulations, the Group makes contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance) and housing funds for its employees. As at the date of this Offering Circular, the Group has complied with all statutory social insurance and housing fund obligations applicable to it under PRC laws and regulations in all material aspects.

AWARDS

The following are certain key accolades and awards the Group received since its inception.

- The Group's "Weichai Power Engine" "Fast Gear," "Hande Axle" and "Shanqi Heavy Duty Truck" have been recognised as "China Top Brand" (中國名牌產品) by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (國家質量監督檢驗總局) and "Well-known Trademarks in China" (中國馳名商標) by the State Administration for Industry & Commerce of the PRC.
- In 2007, the Group won the China Quality Prize (全國質量獎) by China Association for Quality.
- In 2011, the Group was awarded as National Innovative Company (國家創新型企業) by Ministry of Science and Technology.
- In November 2011, the Group's WP10/WP12 series heavy-duty high-speed engine and its related key technology was awarded the Outstanding Award for Science and Technology Progress of China Machinery Industry by China Machinery Industry Federation, which was the first outstanding award granted in the internal-combustion engine industry in China.
- In September 2011, the Group was ranked No. 93 among Top 500 Enterprises of China (中國企業500強) and No. 35 among Top 500 Manufacturing Enterprises of China (中國製造業500強) jointly by China Enterprise Confederation and China Enterprise Directors Association.
- In 2013, the Group's "Key Technology and Industrialisation of Heavy-model High Speed Diesel Engine" project was awarded a Second Honour at the National Science and Technology Progress Awards (國家科學技術進步獎) by the State Council of the PRC.
- In 2014, the Group was ranked No. 8 among the Top 500 Enterprises in Engineering Industry in China (中國機械工業500強) by the CCMA. This is the seventh consecutive year when the Group was among top ten of this ranking.
- In 2014, the Group was ranked No. 151 among Top 500 Enterprises of China (中國企業500強), No. 63 among the Top 500 Manufacturing Enterprises of China (中國製造業500強) and No. 53 among the Top 100 Multinational Companies in China (中國100大跨國公司) by jointly by China Enterprise Confederation and China Enterprise Directors Association.
- In 2015, the Group was ranked No. 70 among Top 500 Enterprises of China by Fortune Magazine and was listed on the China's 500 Most Valuable Brands of 2015 by the World Brand Lab as well.
- In 2016, Weichai Power and its several subsidiaries were awarded the certificates of China Auto Parts Suppliers 100 Best (全國百家優秀汽車零部件供應商) by China Automotive News. Weichai Power and Fast Gear were awarded of this certificate in 13 consecutive years.
- In 2016, the Group was ranked No. 79 among Top 500 Enterprises of China by Fortune Magazine and was listed on the China's 500 Most Valuable Brands of 2016 by the World Brand Lab.
- In 2016, the Group was awarded Most Innovative Industrial State Owned Enterprise (最具創新的國有工業企業) in the Best Innovator China 2015 Award Ceremony (2015年中國最佳創新企業評選頒獎典禮) co-organised by A.T. Kearney, an internationally renowned management consulting firm and Bloomberg Businessweek, Chinese Edition.

- In 2016, the Group’s “Key Technologies and Application in Low-noise Design of Diesel Engines” (柴油機低噪聲設計關鍵技術及應用) was awarded the Second Class Award of National Science and Technology Progress Award (國家科技進步獎二等獎) at the Ceremony of the State Science and Technology Awards (國家科學技術獎勵大會).
- In 2016, the Group’s WP3 and WP12 engines were awarded as 2016 China-truck Users’ Most Reliable and Efficient Light-duty Engines (2016年度中國卡車用戶最信賴的高效輕型發動機) and 2016 China-truck Users’ Most Reliable Powerful Heavy-duty Engines (2016年度中國卡車用戶最信賴的強勁重型發動機), respectively; the Group’s Shaanqi Delong New M3000 and Delong X3000 were awarded as 2016 China-truck Users’ Most Reliable Tractors (2016年度中國卡車用戶最信賴牽引車) and 2016 China-truck Users’ Most Reliable Trucks (2016年度中國卡車用戶最信賴載貨車), respectively, and Fast Gear was awarded as 2016 China-truck Users’ Most Reliable Transmissions (2016年度中國卡車用戶最信賴變速器) in the Discovery Trust — Truck Owners Survey and Appraisal (發現信賴 — 中國卡車用戶調查暨評選活動) organised by chinatruck.org (中國卡車網).
- In 2017, the Group was awarded the “China Trademark Awards - Trademark Innovation Award” (中國商標金獎 — 商標創新獎) in the 2017 China Trademark Awards Ceremony jointly organised by the State Administration for Industry and Commerce of the PRC and the World Intellectual Property Organisation. As at the date of this Offering Circular, the Group was the first company in domestic engine manufacturing industry and the only equipment manufacturing company in Shandong Province that had received such an award according to the official website of the People’s Government of Weifang City of Shandong Province, China.
- In 2017, the Group was ranked No. 76 among Top 500 Enterprises of China by Fortune Magazine.
- In 2017, the Group’s WP3N engines was awarded as 2017 China-truck Users’ Most Reliable and Efficient Light-duty Engines (2017年度中國卡車用戶最信賴的高效輕型發動機), and the Group’s Shaanqi Delong X3000 Gold Edition and Delong L3000 were awarded 2017 China-truck Users’ Most Reliable Industrial Trucks for Daily Use (2017年度中國卡車用戶最信賴日用工業車型) and 2017 Efficient Trucks Excellence Award (2017年度高車型推優獎), respectively, in the Discovery Trust — Truck Owners Survey and Appraisal (發現信賴 — 中國卡車用戶調查暨評選活動) organised by chinatruck.org (中國卡車網).

INSURANCE

In China, the Group carries property-all-risks insurance and machinery damage insurance. Property-all-risks insurance covers the Group’s fixed assets, properties held for investing purpose, construction projects in progress and inventories against damage caused by accidents. Machinery damage insurance covers valuable machines and equipment against damage caused by design, installation or operation failures. In addition, all of the Group’s subsidiaries as well maintain their own insurance policies independent of the Group. The Group does not maintain any product liability insurance arising from the manufacture and sale of its products in China. The Group also does not carry any business interruption insurance for losses or damages arising from accidents relating to its operations. To minimize its product liability risk, the Group has instituted stringent quality control measures in order to avoid or reduce the incidence of product defects. See “— Quality Control.”

In Europe, the Group has insurance through various insurance policies, covering employer’s liability, product liability, environmental liability, business interruption insurance, and property and transport insurance. The Group has also taken out a directors’ and officers’ liability insurance policy.

The Group believes that its current insurance policies provide sufficient coverage of the risks to which it may be exposed, relating to loss of or damage to its equipment, inventory and goods-in-transit and claims from its employees, and are comparable to other manufacturers in the industry in China and in Europe whose business operations and size are similar to it. The Group cannot, however, be ruled out that it could suffer damages that are not covered by the existing insurance policies or that exceed the coverage limits set in these policies. Furthermore, there is no guarantee that the Group will be able to obtain adequate insurance cover at appropriate terms in the future. See “Risk Factors — Risks Relating to the Group’s Businesses — The Group’s insurance coverage may not be sufficient to cover the risks related to the operations or any losses.”

LEGAL PROCEEDINGS

Members of the Group are from time to time involved in legal proceedings with its suppliers, contractors, customers, employees and other third-party entities concerning matters arising in the ordinary course of its business. Claims may be brought against the Group for liabilities for defective products, personal injuries, damage to or destruction of property, breaches of warranty, termination of contracts or delayed payments to its suppliers or subcontractors. See “Risk Factors — Risks Relating to the Group’s Businesses — The Group is subject to litigation risks.”

During the three years ended 31 December 2016 and the six months ended 30 June 2017, the Group was not involved in any litigation, arbitration or administrative proceeding that, individually or in the aggregate, could have had a material adverse effect on its business, financial condition or results of operations, and as at the date of this Offering Circular, there was no existing or threatened litigation, arbitration or administrative proceeding against it that, individually or in aggregate, could have a material adverse effect on its business, financial condition or results of operations.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

The Guarantor's board of directors currently consists of 14 directors, including six executive directors, three non-executive directors and five independent non-executive directors. The directors are elected at the general meeting of the shareholders of the Guarantor for a term of three years, renewable upon re-election and re-appointment. The functions and duties conferred on the board of directors include, convening the general meeting and reporting its work to the general meeting, implementing the resolutions of the general meeting, determining the Guarantor's business plans and investment plans, preparing the Guarantor's annual budgets and final accounts, preparing the Guarantor's proposals for dividend and bonus distributions and for the increase or reduction of capital, and exercising other powers, functions and duties as conferred by the articles of association of the Guarantor.

The following table sets forth the members of the Guarantor's board of directors as at the date of this Offering Circular:

Name	Age	Position
Tan Xuguang (譚旭光)	56	Chairman and chief executive director
Zhang Quan (張泉)	54	Executive director
Xu Xinyu (徐新玉)	54	Executive director
Sun Shaojun (孫少軍)	52	Executive director
Yuan Hongming (袁宏明)	51	Executive director
Yan Jianbo (嚴鑾鉞)	54	Executive director
Wang Yuepu (王曰普)	55	Non-executive director
Jiang Kui (江奎)	53	Non-executive director
Gordon Riske	60	Non-executive director
Loh Yih (盧毅)	53	Independent non-executive director
Zhang Zhong (張忠)	49	Independent non-executive director
Wang Gongyong (王貢勇)	45	Independent non-executive director
Ning Xiangdong (寧向東)	52	Independent non-executive director
Li Hongwu (李洪武)	54	Independent non-executive director

Executive Directors

Mr. Tan Xuguang (譚旭光), 56, is the chairman and the chief executive officer of the Guarantor. Mr. Tan is also the chairman of Shandong Heavy Industry Group Co., Ltd. (山東重工集團有限公司) ("Shandong Heavy Industry"), Weichai Holdings, Shaanxi Zhongqi and Fast Gear, and the supervisor of KION. Mr. Tan joined Weifang Diesel in 1977 and had held the position of chairman and general manager of Weichai Import and Export, general manager of Weifang Diesel, chairman of Torch Automobile, chairman of Weichai Heavy-duty Machinery Co., Ltd. (濰柴重機股份有限公司) ("Weichai Heavy Machinery") and chairman of Beiqi Foton Motor Co., Ltd. (北京福田汽車股份有限公司). Mr. Tan was appointed as a Representative of the Tenth, Eleventh and Twelfth National People's Congress of the PRC (第十屆、十一屆、十二屆全國人大代表), respectively, and was honoured the National Labour Model (全國勞動模範), the Gold Award of the 4th Yuan Baohua Enterprise Management (第四屆袁寶華企業管理金獎) and CCTV 2005 China Economic Annual Figure (CCTV中國經濟年度十大經濟人物). Mr. Tan is a senior economist and holds a doctoral degree in engineering.

Mr. Zhang Quan (張泉), 54, is an executive director and executive president of the Guarantor. Mr. Zhang is also a director of Weichai Holdings, Weichai Heavy Machinery and Beiqi Foton Motor Co., Ltd. Mr. Zhang joined Weifang Diesel in 1986 and had held the position of director of the quality control department and the marketing department of Weifang Diesel. Mr. Zhang is a senior economist and holds a bachelor's degree in engineering and a master's degree in business administration.

Mr. Xu Xinyu (徐新玉), 54, is an executive director and executive president of the Guarantor. Mr. Xu is also a director of Weichai Holdings, Weichai Power Hong Kong International Development Co., Limited (濰柴動力(香港)國際發展有限公司), Weichai Lux and Ferretti International Holding S.p.A. Mr. Xu joined Weifang Diesel in 1986 and had held the position of deputy general manager of Weichai Import and Export, deputy general manager and executive deputy general manager of Weifang Diesel, director of Torch Automobile and chairman of Weichai Power (Weifang) Investment Co., Ltd. (濰柴動力(濰坊)投資有限公司), Weichai Power (Shanghai) Technology Development Co., Ltd. (濰柴動力(上海)科技發展有限公司), Weichai Power (Beijing) International Resources Investment Co., Ltd. (濰柴動力(北京)國際資源投資有限公司), Sici t  International des Moteurs Baudouin and Weichai America Corp. Mr. Xu is a senior economist and holds a bachelor’s degree in science and a master’s degree in business administration.

Mr. Sun Shaojun (孫少軍), 52, is an executive director and executive president of the Guarantor. Mr. Sun is also a director of Weichai Holdings and Weichai Heavy Machinery. Mr. Sun joined Weifang Diesel in 1988 and had held the position of supervisor of the engineering department, the chief engineer of Weifang Diesel and director of Torch Automobile. He is a candidate of National Hundred and Ten Million Talents Project (國家百千萬人才工程) and is appointed as Taishan Mountain scholar by Shandong Provincial Government (山東省人民政府泰山學者特聘專家). Mr. Sun is a researcher-grade senior engineer and holds a doctoral degree in engineering.

Mr. Yuan Hongming (袁宏明), 51, is an executive director of the Guarantor. Mr. Yuan is also the chairman of the board of directors of Shaanxi Automotive Holding Group Co., Ltd. (陝西汽車控股集團有限公司), the chairman of the board of directors of Shaanxi Automotive, the general manager and a director of Shaanxi Zhongqi. Mr. Yuan held the position of deputy general manager and chief engineer of Shaanxi Automotive, deputy general manager of Shaanxi Zhongqi, general manager and chief accountant of Shaanxi Automotive Holding Group Co., Ltd. Mr. Yuan is a senior engineer. He holds the qualification of senior manager in the machinery industry and a bachelor’s degree in engineering.

Mr. Yan Jianbo (嚴鑾鉞), 54, is an executive director of the Guarantor. Mr. Yan is also the chairman the board of directors and party secretary of Fast Group, the general manager and a director of Fast Gear. Mr. Yan held the position of deputy director of Shaanxi Auto Gear General Works (陝西汽車齒輪總廠), deputy general manager and director of Fast Gear, deputy general manager, general manager and director of Fast Group. Mr. Yan is a senior engineer and holds a master’s degree in business administration.

Non-executive Directors

Mr. Wang Yuepu (王曰普), 55, is a non-executive director of the Guarantor. Mr. Wang is also the party secretary, chairman and general manager of Weifang Investment Group Co., Ltd. (濰坊市投資集團有限公司) (formerly known as Weifang Investment Company (濰坊市投資公司)) and a director of Weichai Heavy Machinery. Mr. Wang had held the position of division head of the investment division of Weifang City Planning Commission (濰坊市計劃委員會), deputy director of the Weifang City Electric Power Construction Office (濰坊市電力建設辦公室) and deputy general manager of Weifang Investment Company. Mr. Wang is a senior economist and holds a master’s degree in business administration.

Mr. Jiang Kui (江奎), 53, is a non-executive director of the Guarantor. Mr. Jiang is also the general manager of Shandong Heavy Industry and a supervisor of KION. Mr. Jiang held the position of engineer and deputy general manager of the assembly department and engineer of Shandong Bulldozer General Factory (山東推土機總廠), deputy general manager of Shantui Import and Export Company (山推進出口公司), deputy director, director of the manufacturing department, deputy general manager and director of Shantui Engineering Machinery Co., Ltd. (山推工程機械股份有限公司), deputy general manager of Shandong Engineering Machinery Group Co., Ltd. (山東工程機械集團有限公司), deputy general manager and vice chairman of Weichai Holdings and chairman of Shanzhong Jianji Co., Ltd. (山重建機有限公司). Mr. Jiang is a senior engineer and holds a master’s degree in business administration.

Mr. Gordon Riske, 60, is a non-executive director of the Guarantor. Mr. Riske is also the chief executive officer of KION and KION Holding 2 GmbH. Mr. Riske had held the position of chief executive officer of KUKA Roboter GmbH, chairman of Deutz AG in Cologne, Germany and chief executive officer of KION Material Handling GmbH. Mr. Riske holds a degree in electronic engineering and a bachelor's degree in business administration.

Independent Non-executive Directors

Mr. Loh Yih (盧毅), 53, is an independent non-executive director of the Guarantor. Mr. Loh is also an executive chairman of Acesian Partners Limited, a company whose shares are listed on the Singapore Exchange, an independent director and the chairman of the audit committee of Ban Leong Technologies Limited, a company whose shares are listed on the Singapore Exchange, and an independent director and member of the audit committee of International Press Softcom Limited, a company whose shares are listed on the Singapore Exchange. Mr. Loh worked in Ernst & Young and West Merchant Bank, and had held the position of senior manager of the capital market investment department of the Standard Chartered Merchant Bank, president of Netplus Communications Pte Ltd and a partner of MGF Capital Group. Mr. Loh is a Chartered Financial Analyst and holds an accounting degree from the National University of Singapore.

Mr. Zhang Zhong (張忠), 49, is an independent non-executive director of the Guarantor. Mr. Zhang is also a lawyer and partner of Beijing Zhonglun Law Firm (北京市中倫律師事務所) and an independent director of Beijing Dalong Weiye Real Estate Development Co., Ltd. (北京大龍偉業房地產開發股份有限公司) and Keda Group Co., Ltd. (科達集團股份有限公司). Mr. Zhang had held the position of independent director of Huolinhe Opencut Coal Industry Corporation Limited of Inner Mongolia (內蒙古霍林河露天煤業股份有限公司), Zhengzhou Sino-Crystal Diamond Co., Ltd. (鄭州華晶金剛石股份有限公司), Konka Group Co., Ltd. (康佳集團股份有限公司) and Jilin Gpro Titanium Industry Co., Ltd. (吉林金浦鈦業股份有限公司). Mr. Zhang holds a master's degree in laws from the Renmin University of China (中國人民大學).

Mr. Wang Gongyong (王貢勇), 45, is an independent non-executive director of the Guarantor. Mr. Wang is also a partner of ShineWing Certified Public Accountants (信永中和會計師事務所) and an independent director of Sunvim Group Co., Ltd. (孚日集團股份有限公司). He is a certified public accountant of the PRC, a certified asset valuer, a senior auditor, a senior accountant and a member of the Certified Public Accountant Industry Leader (Reserve) Scheme. He is also a collaborative tutor for graduate courses leading to professional degrees at Shandong University (山東大學) and a fellow member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會). Mr. Wang holds a master's degree in business administration from Shandong University.

Mr. Ning Xiangdong (寧向東), 52, is an independent non-executive director of the Guarantor. Mr. Ning is also a professor and doctoral tutor of Tsinghua University School of Economics and Management (清華大學經濟管理學院), a director of the Corporate Governance Research Centre of Tsinghua University (清華大學公司治理研究中心) and an independent director of China Southern Airlines Company Limited (中國南方航空股份有限公司), Sichuan Changhong Electric Co., Ltd. (四川長虹電器股份有限公司) and Yango Group Co., Ltd. (陽光城集團股份有限公司), and an external director of Shandong Heavy Industry. Mr. Ning had held the position of independent director in various listed companies, including Datang Telecom Technology Co., Ltd. (大唐電信科技股份有限公司), Shantui Engineering Machinery Co., Ltd., GoerTek Inc. (歌爾聲學股份有限公司), Hong Yuan Securities Co., Ltd. (宏源證券股份有限公司) and Aerospace Hi-Tech Holding Group Co., Ltd. (航太科技控股集團股份有限公司). Mr. Ning holds a doctoral degree in quantitative economics from Tsinghua University.

Mr. Li Hongwu (李洪武), 54, is an independent non-executive director of the Guarantor. Mr. Li is also an associate professor in the faculty of law of Shandong University, a lawyer of Shandong Wenhao Law Firm (山東文瀚律師事務所) and an independent director of Shandong Jinling Mining Co., Ltd. (山東金嶺礦業股份有限公司). Mr. Li holds a master's degree in law from Shandong University.

SUPERVISORS

The Company Law of the PRC requires a joint stock company with limited liability to establish a supervisory committee and this requirement has been incorporated into the articles of association of the Guarantor. The supervisory committee is responsible for monitoring the Guarantor's financial matters and overseeing the actions of the board of directors and the management of the Guarantor. The supervisory committee currently consists of three supervisors, one of which is the shareholders' representative who may be elected and removed by the shareholders in a general meeting and one of which is a representative of the employees and was elected by them. One of the three supervisors is an external supervisor, who is not employed at any executive position in the Guarantor. The term of service of the supervisors is three years, renewable upon re-election and re-appointment. The functions and powers conferred on the supervisory committee include, attending the meetings of the board of directors, examining the Guarantor's financial affairs, balance sheets, income statements, business reports, dividend distribution proposals and other financial information proposed at general meetings by the directors from time to time and overseeing the actions of the board of directors and other senior management personnel of the Guarantor in carrying out their duties.

The following table sets forth the Guarantor's supervisors as at the date of this Offering Circular:

Name	Age	Position
Lu Wenwu (魯文武)	53	Chairman of the supervisory committee
Wu Hongwei (吳洪偉)	51	Supervisor
Ma Changhai (馬常海)	43	Employee representative supervisor

Mr. Lu Wenwu (魯文武), 53, is the chairman of the supervisory committee of the Guarantor. Mr. Lu is also the chairman of the Labour Union, a director of the party committee working department and the staff career development centre of the Guarantor, and a supervisor of Weichai Holdings. Mr. Lu joined Weifang Diesel in 1982 and had held the position of deputy general manager of the 615 Factory and Medium-speed Machine Factory, and deputy director of the Human Resources of Weichai Diesel, as well as general manager of the 615 Factory and No. 1 Factory, and director of the production department of the Guarantor. Mr. Lu is a senior political engineer and holds a bachelor's degree.

Mr. Wu Hongwei (吳洪偉), 51, is a supervisor of the Guarantor. Mr. Wu is also a director and the chief financial officer of Weichai Holdings, a director of Weichai Heavy Machinery and a director of Kama Co., Ltd. (恒天凱馬股份有限公司), a company listed on the Shanghai Stock Exchange under the stock code of "900953". Mr. Wu joined Weifang Diesel in 1991 and had held the position of deputy general manager of the finance department of Weichai Import and Export, deputy head and assistant to deputy head of the finance department of Weifang Diesel and head of the finance department of the Guarantor and head of the finance department of Weichai Holdings. Mr. Wu is an accountant and holds a master's degree in business administration.

Mr. Ma Changhai (馬常海), 43, is an employee representative supervisor of the Guarantor. Mr. Ma is also the administrative officer of the Guarantor, the deputy administrative officer of the Hong Kong office of the Guarantor, a director of the Issuer, Weichai Power (Hong Kong) International Development Co., Ltd. (濰柴動力(香港)國際發展有限公司), and Weichai Power (Beijing) International Resource Investment Co., Ltd. (濰柴動力(北京)國際資源投資有限公司) Mr. Ma joined Weifang Diesel in 1997 and had held the position of deputy manager of the administration department and officer of the administrative office of external affairs of Weichai Import and Export. He is a political engineer and holds a bachelor's degree.

SENIOR MANAGEMENT

The following table sets forth the Guarantor's management as at the date of this Offering Circular:

Name	Age	Position
Tan Xuguang (譚旭光)	56	Chairman executive officer
Zhang Quan (張泉)	54	Executive officer
Xu Xinyu (徐新玉)	54	Executive officer and authorised representative
Sun Shaojun (孫少軍)	52	Executive officer
Dai Lixin (戴立新)	50	Vice president and secretary of the board
Kwong Kwan Tong (鄭焜堂)	51	Chief financial officer, company secretary and authorised representative
Feng Gang (馮剛)	53	Vice president
Tong Dehui (佟德輝)	53	Vice president
Li Shaohua (李紹華)	52	Vice president
Ren Bingbing (任冰冰)	52	Vice president
Ding Yingdong (丁迎東)	49	Vice president
Hu Haoyan (胡浩然)	62	Vice president
Zhang Jiyuan (張紀元)	53	Vice president

Mr. Tan Xuguang (譚旭光), 56, is the chief executive officer and chairman of the Guarantor. For Mr. Tan's biography, see "Directors" above.

Mr. Zhang Quan (張泉), 54, is an executive president and executive director of the Guarantor. For Mr. Zhang's biography, see "Directors" above.

Mr. Xu Xinyu (徐新玉), 54, is an executive president, authorised representative and executive director of the Guarantor. For Mr. Xu's biography, see "Directors" above.

Mr. Sun Shaojun (孫少軍), 52, is an executive president and executive director of the Guarantor. For Mr. Sun's biography, see "Directors" above.

Mr. Dai Lixin (戴立新), 50, is a vice president, the secretary of the board and a director of the capital operation department of the Guarantor. Mr. Dai joined Weifang Diesel in 1987 and had held the position of deputy director of the treasury department of Weifang Diesel. Mr. Dai is a senior economist and holds a bachelor's degree.

Mr. Kwong Kwan Tong (鄭焜堂), 51, is the chief financial officer, company secretary and an authorised representative of the Guarantor. Mr. Kwong joined the Guarantor in 2013. He has worked for a number of companies listed on The Stock Exchange of Hong Kong Limited and has over 25 years' experience in the accounting and financial management fields. Mr. Kwong is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants. Mr. Kwong obtained a diploma in accountancy from the Morrison Hill Technical Institute (摩理臣山工業學院) in Hong Kong in 1987.

Mr. Feng Gang (馮剛), 53, is a vice president of the Guarantor. Mr. Feng had held the position of manager of the technology service department, assistant to general manager and executive deputy general manager of sales department of the head office and executive deputy director of the marketing management department of Weifang Diesel Engine Works Sales Co., Ltd. (濰坊柴油機廠銷售總公司). He has obtained a National 1 May Labour Medal of China (五一勞動獎章). He is an engineer and holds a bachelor's degree in engineering.

Mr. Tong Dehui (佟德輝), 53, is a vice president of the Guarantor. Mr. Tong had held the position of supervisor and assistant supervisor of the technology centre of and deputy chief engineer of the Guarantor, and was appointed as “Taishan Mountain scholar specialist” by Shandong Provincial Government. He was awarded as Young and Middle-aged Expert of Shandong Province with Outstanding Contribution (山東省有突出貢獻中青年專家). Mr. Tong is a researcher-grade senior engineer and holds a doctoral degree in engineering.

Mr. Li Shaohua (李紹華), 52, is a vice president of the Guarantor. Mr. Li joined the Guarantor in 1987 and had held the position of deputy general manager of the marketing department of the head office, director of the application engineering department and assistant to the president of the Guarantor. Mr. Li is a senior engineer and holds a bachelor’s degree in engineering.

Ms. Ren Bingbing (任冰冰), 52, is a vice president of the Guarantor. Ms. Ren joined the Guarantor in 1987 and had held the position of deputy general manager of the procurement management department and assistant to president of the Guarantor. She is a senior economist and holds a master’s degree in economics.

Mr. Ding Yingdong (丁迎東), 49, is a vice president of the Guarantor. Mr. Ding joined Weifang Diesel in 1990 and had held the position of deputy director of the corporate planning department and director of the human resources department of Weifang Diesel, director of the human resources department, the corporate management department and the operation management department, assistant to president and supervisor of the Guarantor. Mr. Ding is a senior economist. He holds the qualification of senior manager of corporate human resources and a bachelor’s degree in engineering.

Mr. Hu Haoyan (胡浩然), 62, is a vice president of the Guarantor. Mr. Hu joined the Guarantor in 2014 and had held the position of adjunct assistant professor of Ohio State University, senior engineer, engineering manager and senior engineering manager of Jacobs Vehicle Systems, Inc., senior engineering manager of Detroit Diesel Corporation, engineering manager of Caterpillar Inc. and chief scientist of Eaton Corporation plc. He is an expert under the National Thousand Talents Program of China (國家千人計劃專家) and is also a Taishan Scholars Blue Industry Leader Talent (泰山學者藍色產業領軍人才). Mr. Hu holds a doctoral degree in mechanical engineering from the Massachusetts Institute of Technology and is a post-doctoral researcher.

Mr. Zhang Jiyuan (張紀元), 53, is a vice president and the chief designer of the Guarantor. Mr. Zhang joined the Guarantor in 1990 and had held various positions including a deputy director and the chief designer of the technology centre of the Group. He is a researcher in engineering technology application and holds a master’s degree in engineering. Mr. Zhang is a Taishan Industry Leader Talent.

COMPANY SECRETARY

Mr. Kwong Kwan Tong, 51, is the Guarantor’s secretary, chief financial officer and an authorised representative of the Guarantor. For Mr. Kwong’s biography, see “Senior Management” above.

BOARD COMMITTEES

The Guarantor has established four committees of its board of directors, including an audit committee, a remuneration committee, a nomination committee and a strategic development and investment committee. The committees operate in accordance with terms of reference established by the board of directors.

Audit Committee

The responsibilities of the Guarantor's audit committee include, among others:

- supervising the Guarantor's internal audit system and its implementation;
- reviewing the Guarantor's internal control system as well as auditing the major connected;
- transactions;
- proposing the engagement or removal of external auditor;
- communicating between the internal auditor and the external auditor; and
- reviewing of financial information of the Guarantor and the disclosure thereof.

The audit committee currently consists of five independent non-executive directors of the Guarantor, being Mr. Wang Gongyong, Mr. Loh Yih, Mr Zhang Zhong, Mr. Ning Xiangdong and Mr. Li Hongwu. As Mr. Wang Gongyong has the appropriate professional qualifications and experience in financial matters, he acts as the chairman of the audit committee.

Remuneration Committee

The responsibilities of the remuneration committee include, among others:

- making recommendation to the board of directors of the remuneration packages and terms of employment of directors, supervisors and senior management of the Guarantor; and
- determining the relevant remuneration policy for directors, supervisors and senior management of the Guarantor and matters relating to their participation in incentive schemes operated by the Guarantor.

The remuneration committee currently consists of one executive director and two independent non-executive directors of the Guarantor, being Mr. Tan Xuguang, Mr. Loh Yih and Mr. Zhang Zhong (chairman of the remuneration committee).

Nomination Committee

The responsibilities of the nomination committee include, among others:

- identifying qualified candidates to fill the board of directors' membership whenever such vacancy arises;
- nominating such candidates for the board of directors to consider;
- regularly reviewing the composition of the board of directors; and
- making suggestions as to any change in the membership of the board of directors that may be required.

The nomination committee currently consists of one executive director and three independent non-executive directors of the Guarantor, being Mr. Zhang Zhong (chairman of the nomination committee), Mr. Xu Xinyu, Mr. Wang Gongyong and Mr. Li Hongwu.

Strategic Development and Investment Committee

The responsibilities of the strategic development and investment committee include, among others:

- examining and reviewing the Guarantor's strategic plans;
- monitoring the implementation of strategic planning; and
- facilitating timely adjustments to the Guarantor's strategies and governance structure.

The strategic development and investment committee currently consists of six executive directors and one non-executive director, being Mr. Tan Xuguang (chairman of the board and the strategic development and investment committee), Mr. Zhang Quan, Mr. Xu Xinyu, Mr. Sun Shaojun, Mr. Yuan Hongming, Mr. Yan Jianbo and Mr. Wang Yepu.

DIRECTORS AND SUPERVISOR'S COMPENSATIONS

Directors and supervisors of the Guarantor receive compensations in the form of salaries, retirement plan contributions, and other allowances and benefits. The Guarantor does not provide any retirement plan or retirement scheme contributions for those directors and supervisors who are not employees of the Guarantor.

The aggregate amount of salaries and other allowances, retirement benefits scheme contributions and benefits in kind paid by the Guarantor to its directors and supervisors for the years ended 31 December 2014, 2015 and 2016 was approximately RMB7.0 million, RMB7.5 million and RMB8.6 million, respectively.

Save as disclosed above, no other payments have been paid or are payable to the directors by the Guarantor in respect of the three years ended 31 December 2016.

SHARES HELD BY DIRECTORS, SUPERVISORS

The following table sets forth information regarding the share held or beneficially owned by the directors of the Guarantor as at 30 June 2017:

Name	Capacity	Number of shares directly or indirectly held	Percentage of the issued share capacity of the Guarantor ⁽¹⁾
Tan Xuguang	Beneficial owner	29,421,298 ⁽²⁾	0.74 per cent.
Zhang Quan	Beneficial owner	6,842,162 ⁽²⁾	0.17 per cent.
Xu Xinyu	Beneficial owner	6,842,162 ⁽²⁾	0.17 per cent.
Sun Shaojun	Beneficial owner	6,842,162 ⁽²⁾	0.17 per cent.
Yuan Hongming	Beneficial owner	220 ⁽²⁾	*
Yan Jianbo	Beneficial owner	11,202 ⁽²⁾	*

(1) Calculated based on the total number of shares outstanding as at 30 June 2017, which was 3,998,619,278 shares.

(2) These shares were derived from the previous domestic shares of the Guarantor. The domestic shares were ordinary shares issued by the Guarantor, 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 Guarantor upon the A share listing of the Guarantor on the Shenzhen Stock Exchange.

* Less than 0.01 per cent.

The following table sets forth information regarding the shares held or beneficially owned by the supervisors of the Guarantor as at 30 June 2017:

<u>Name</u>	<u>Capacity</u>	<u>Number of shares directly or indirectly held</u>	<u>Percentage of the issued share capacity of the Guarantor⁽¹⁾</u>
Lu Wenwu	Beneficial owner	300,000 ⁽²⁾	0.01 per cent.
Wu Hongwei ⁽³⁾	Beneficial owner	2,394,758 ⁽²⁾	0.06 per cent.

- (1) Calculated based on the total number of shares outstanding as at 30 June 2017, which was 3,998,619,278 shares.
- (2) All the shares held or beneficially owned by the supervisors mentioned in above table are A shares of the Guarantor listing on the Shenzhen Stock Exchange.
- (3) Mr. Wu Hongwei was appointed as supervisor by the board of directors of the Guarantor on 30 August 2017.

The following table sets forth information regarding the directors' interests in the shares of associated corporations of the Guarantor as at 30 June 2017:

<u>Name of director</u>	<u>Name of associated corporation</u>	<u>Nature of interest</u>	<u>Class and number of securities interested or deemed to be interested</u>	<u>Approximate percentage interest in the entire issued share capital of associated corporations</u>
Gordon Riske ⁽¹⁾	KION	Beneficial owner	227,350 shares	0.19 per cent.
		Interest held by spouse	3,000 shares	*

- (1) Gordon Riske, a non-executive director of the Guarantor, was the beneficial owner of 227,350 shares in KION and he was also deemed to be interested in 3,000 shares in KION which were beneficially held by his wife, Ms. Benita Riske.

* Less than 0.01 per cent.

Save for as disclosed above, to the best knowledge of the Guarantor's directors, none of the Guarantor's directors or supervisors holds any interest in the shares of the Guarantor as at 30 June 2017.

PRINCIPAL SHAREHOLDERS

The following table sets forth the information regarding the beneficial ownership of the Guarantor's shares as at 30 June 2017 by each person known to the Guarantor to beneficially own 5.0 per cent. or more of the Guarantor's issued and outstanding shares:

Principal Shareholder	Capacity	Percentage of issued share capital ⁽³⁾
Weichai Holdings	Beneficial owner ⁽¹⁾	16.83 per cent.
Shandong Heavy Industry Group Co., Ltd. ⁽²⁾	Held by controlled corporation	16.83 per cent.
Shandong SASAC ⁽²⁾	Held by controlled corporation	11.781 per cent.
Shandong Social Security Fund ⁽²⁾	Held by controlled corporation	5.049 per cent.
Lazard Asset Management LLC	Investment manager	6.15 per cent.

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- (1) Beneficial ownership is determined by and includes the power to direct the voting or the disposition of the securities or to receive the economic benefit of the ownership of the securities.
- (2) 16.83 per cent. of the equity interest of the Guarantor is owned by Weichai Holdings (formerly known as Weifang Diesel Engine Works), which in turn is wholly owned by Shandong Heavy Industry Group Co., Ltd. The equity interest of Shandong Heavy Industry Group Co., Ltd. is 70 per cent. directly owned by Shandong SASAC and 30 per cent. directly owned by Shandong Social Security Fund.
- (3) The calculation is based on the number of total issued share as at 30 June 2017. The Guarantor's issued shares consist of A shares and H shares. A shares are listed on the Shenzhen Stock Exchange and H shares are listed on the Hong Kong Stock Exchange. Weichai Group holds only the Guarantor's A shares as at the date of this Offering Circular.

RELATED PARTY TRANSACTIONS

The following discussion describes certain material related party transactions between the members of the Group and the companies with whom they are affiliated. Each of the Group's related party transactions was entered into in the ordinary course of business, on fair and reasonable commercial terms, in its interests and the interests of its shareholders.

As a listed company on the Hong Kong Stock Exchange, the Guarantor is subject to the requirements of Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") which require certain "connected transactions" with "connected persons" be approved by a company's independent shareholders. Each of the Group's related party transactions disclosed hereunder that constitutes a connected transaction within the meaning of the Listing Rules requiring shareholder approval has been so approved, or otherwise exempted from compliance under Chapter 14A of the Listing Rules.

MAJOR RELATED PARTY TRANSACTIONS

The table below sets forth the Group's related party transactions for the period indicated.

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	(RMB in millions)				
Transaction of Goods and Services with Related Parties⁽¹⁾					
Purchase of goods from related parties (excluding tax)	9,631.0	6,163.6	9,057.2	3,606.7	9,249.7
Receiving services from related parties	459.5	751.9	821.3	365.1	405.4
Sale of goods to related parties (excluding tax)	7,490.6	5,271.7	7,081.0	2,977.9	5,490.1
Rendering services to related parties	56.0	184.0	62.8	37.0	39.0
Leasing with Related Parties⁽²⁾					
As lessor	58.2	63.3	37.7	18.7	22.3
As lessee	83.0	50.9	47.1	15.8	12.7
Transfer of Assets with Related Parties⁽³⁾					
Purchase of fixed assets	4.6	3.4	0.3	0.2	0.1
Sale of fixed assets	11.8	3.8	0.4	0.3	0.1
Total	17,794.7	12,492.6	17,107.7	7,021.7	15,219.4

(1) During the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the prices for the Group's sale of goods and rendering of services to related parties as well as purchase of goods and receiving services from related parties were determined with reference to market rates.

(2) During the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the prices for the Group's leasing with related parties were determined with reference to market rates.

(3) During the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, the Group's purchase and sale of fixed assets from and to related parties were on prices determined with reference to market rates.

Purchase of diesel engine parts and components, gas, scrap metals, materials, diesel engines and related products and processing services by the Guarantor and its subsidiaries from Weichai Holdings and its associates.

Weichai Holdings is the direct and controlling shareholder of the Guarantor. Pursuant to the purchase and processing services agreement entered into between the Guarantor, Weichai Holdings and Chongqing Weichai Diesel Engine Limited (重慶濰柴發動機有限公司) (“**Chongqing Weichai**”), a wholly-owned subsidiary of Weichai Holdings, on 27 November 2008 (as amended and supplemented by various supplemental agreements, collectively referred to as the “**Weichai Purchase and Processing Services Agreement**”):

- (a) the Guarantor, Weichai Power (Weifang) Castings Co., Ltd. (濰柴動力(濰坊)鑄鍛有限公司) (“**Weichai Casting**”), Weichai Power (Weifang) Reproduction Company Limited (濰柴動力(濰坊)再製造有限公司) (“**Weichai Reproduction**”), Shandong Huadong Casting Co., Ltd. (山東華動鑄造有限公司) (“**Huadong Casting**”), Weichai Singapore Ptd. Ltd. (“**Weichai Singapore**”) and other subsidiaries of the Guarantor have agreed to purchase parts and components of diesel engines, gas, scrap metals, materials, diesel engines and related products from Weichai Holdings, Chongqing Weichai, Weichai Import and Export and other associates of Weichai Holdings; and
- (b) Weichai Holdings, Chongqing Weichai, Weichai Import and Export and other associates of Weichai Holdings have agreed to provide processing services to the Guarantor and its subsidiaries with respect to the said parts and components of diesel engines, gas, scrap metals, materials, diesel engines and related products. The said purchases and processing services are transacted at market prices and are settled by the parties on a monthly basis.

The approved annual cap for the aforesaid purchases made and services received from Weichai Holdings and its associates for the year ended 31 December 2016 is RMB720 million. In the year ended 31 December 2016, the total purchases made and processing services received by the Guarantor and its subsidiaries from Weichai Holdings and its associates amounted to RMB379.0 million.

Pursuant to the latest supplemental agreement to the Weichai Purchase and Processing Services Agreement dated 30 August 2016, Weichai Holdings, Chongqing Weichai and Weichai Import and Export (and other associates of Weichai Holding) have agreed to provide the said products and processing services to the Guarantor, Weichai Casting, Weichai Reproduction, Huadong Casting, Weichai Singapore, Shandong Heavy Industry India Ptd. Ltd. (山東重工印度有限責任公司) (“**Weichai India**”), Weichai Middle East FZE (濰柴中東有限責任公司) (“**Weichai Middle East**”) and/or other subsidiaries of the Guarantor on the same terms and for a period of three years ending 31 December 2019, upon the expiry of which the parties may extend the term for another three years on a mutually agreed basis.

Purchase of diesel engine parts and components, materials, steel and scrap metal, diesel engines and related products and the processing and labour services by the Guarantor and its subsidiaries from Weichai Heavy Machinery and its associates.

Pursuant to the purchase and processing services agreement entered into between the Guarantor and Weichai Power (Weifang) After-sales Service Co., Ltd. (濰柴(濰坊)後市場服務有限公司) (“**Weichai After-sales Services**”) and Weichai Heavy Machinery on 27 November 2008 (as supplemented by various supplemental agreements), the Guarantor (and its Chongqing branch office), Weichai After-sales Services, Weichai Casting, Weichai Reproduction, Huadong Casting, Weichai Power (Weifang) Intensive Logistics Co., Ltd. (濰柴動力(濰坊)集約配送有限公司) (“**Weichai Logistics**”), Baudouin (Weifang) Power Co., Ltd. (博杜安(濰坊)動力有限公司) (“**Baudouin China**”) and/or other members of the Group have agreed to purchase from Weichai Heavy Machinery, Weichai Electrical Equipment Co., Ltd. (濰柴電力設備有限公司(原濰柴發電設備有限公司)) (“**Weichai Electrical Equipment**”) and/or other associates of Weichai Heavy Machinery certain diesel engine parts and components, steel and scrap metal, materials, diesel engines and related products and processing and labour services, at market prices and settled on a monthly basis.

The approved annual cap for the aforesaid purchases made and processing services received from Weichai Heavy Machinery and/or its associates for the year ended 31 December 2016 is RMB1.14 billion. In the year ended 31 December 2016, the total purchases made and processing services received by the Guarantor and other members of the Group from Weichai Heavy Machinery and its associates amounted to RMB307.1 million.

Pursuant to the latest supplemental agreement to the said framework agreement dated 30 August 2016, the Guarantor, Weichai After-sales Services, Weichai Casting, Weichai Reproduction, Huadong Casting, Weichai Logistics, Weichai Singapore, Baudouin China and/or other members of the Group have agreed to purchase from Weichai Heavy Machinery, Weichai Electrical Equipment and/or other associates of Weichai Heavy Machinery the said diesel engine parts and components, steel and scrap metal, materials, diesel engines and related products and processing and labour services on the same terms and for a period of three years ending 31 December 2019, upon the expiry of which the parties may extend the term for another three years on a mutually agreed basis.

Sale of parts and components of transmissions and related products by Fast Gear to Fast Group.

Pursuant to the parts and components sale agreement entered into between Fast Gear and Fast Group on 1 August 2007 (as amended and supplemented by various supplemental agreements), Fast Gear has agreed to sell to Fast Group certain parts and components of transmissions, namely, gearboxes, and related products at market prices and settled every two to three months, for a term of three years ending 31 December 2018, upon the expiry of which the parties shall have an option to extend the term for another three years on a mutually agreed basis.

The approved annual cap for the aforesaid sales of parts and components of transmissions to Fast Group for the year ended 31 December 2016 is RMB3.6 billion. In the year ended 31 December 2016, the total sales of parts and components of transmissions made by Fast Gear to Fast Group amounted to RMB1,442.5 million.

Purchase of parts and components of transmissions and related products by Fast Gear from Fast Group.

The Guarantor and Fast Group currently owns 51 per cent. and 49 per cent., respectively of the equity interest of Fast Gear. Pursuant to the parts and components purchase agreement entered into between Fast Gear and Fast Group on 1 August 2007 (as amended and supplemented by various supplemental agreements), Fast Gear has agreed to purchase from Fast Group certain parts and components of transmissions and gears, namely, power take off assemblies and castings, and related products at market prices and settled every two to three months, for a term of three years ending 31 December 2018, upon the expiry of which the parties shall have an option to extend the term for another three years on a mutually agreed basis.

The approved annual cap for the aforesaid purchase of parts and components of transmissions from Fast Group for the year ended 31 December 2016 is RMB4.5 billion. In the year ended 31 December 2016, the total purchases of parts and components of transmissions and related products made by Fast Gear from Fast Group amounted to RMB2,564.8 million.

Sale of vehicles, parts and components of vehicles, raw materials and related products and provision of the relevant services by Shaanxi Zhongqi and its subsidiaries and Weichai Power Freshen Air Technology Co., Ltd. (濰柴動力空氣淨化科技有限公司) (“Weichai Freshen Air,”) to Shaanxi Automotive and its associates.

The Guarantor and Shaanxi Automotive currently owns 51 per cent. and 49 per cent., respectively of the equity interest of Shaanxi Zhongqi. Pursuant to the vehicles, parts and components and raw materials sale and heat processing services agreement entered into between Shaanxi Zhongqi and certain other subsidiaries of the Guarantor as suppliers (the “**Shaanxi Suppliers**”) and Shaanxi Automotive and its

associates as customers (the “**Shaanxi Customers**”) on 1 August 2007 (as supplemented by various supplemental agreements), the Shaanxi Suppliers and Weichai Freshen Air have agreed to sell certain vehicles, parts and components of vehicles, raw materials and related products, and provide the relevant services to the Shaanxi Customers, at market prices and settled by the parties generally every one to three months.

The approved annual cap for the aforesaid sales of vehicles, parts and components of vehicles, raw materials and related products and provision of the relevant services to Shaanxi Automotive and its associates for the year ended 31 December 2016 is RMB8.1 billion. In the year ended 31 December 2016, the total sales of vehicles, parts and components of vehicles, raw materials and related products and provision of the relevant services by Shaanxi Zhongqi and its subsidiaries and Weichai Freshen Air to Shaanxi Automotive and its associates amounted to RMB1,120.3 million.

Pursuant to the latest supplemental agreement to the said framework agreement dated 30 August 2016, the Shaanxi Suppliers and Weichai Freshen Air have agreed to sell certain vehicles, parts and components of vehicles, raw materials and related products, and provide the relevant services to the Shaanxi Customers, at market prices and settled by the parties generally every one to three months, for a term ending 31 December 2019, upon the expiry of which the parties shall have an option to renew the agreement for a term of three years on a mutually agreed basis.

Purchase of parts and components of vehicles, scrap steel and related products and labour services by Shaanxi Zhongqi and its subsidiaries from Shaanxi Automotive and its associates.

Pursuant to the parts and components and scrap steel purchase agreement entered into between Shaanxi Zhongqi and certain other subsidiaries of the Guarantor as buyers (the “**Shaanxi Buyers**”) and certain associates of Shaanxi Automotive as sellers (the “**Shaanxi Sellers**”) on 1 August 2007 (as supplemented by various supplemental agreements), the Shaanxi Buyers have agreed to purchase certain parts and components of vehicles, scrap steel, related products and labour services from the Shaanxi Sellers, at market prices and settled by the parties every one to three months.

The approved annual cap for the aforesaid purchases of parts and components of vehicles, scrap steel, related products and labour services from Shaanxi Automotive and its associates for the year ended 31 December 2016 is RMB8.6 billion. In the year ended 31 December 2016, the total purchases of parts and components of vehicles, scrap steel and related products and labour services made by Shaanxi Zhongqi and its subsidiaries from Shaanxi Automotive and its associates amounted to RMB4,153.9 million.

Pursuant to the latest supplemental agreement to the said framework agreement dated 30 August 2016, the Shaanxi Buyers and Weichai Freshen Air have agreed to purchase certain parts and components of vehicles, scrap steel, related products and labour services from the Shaanxi Sellers, at market prices and settled by the parties every one to three months, for a term ending 31 December 2019, upon the expiry of which the parties shall have an option to renew the agreement for a term of three years on a mutually agreed basis.

Provision of financial services to the Guarantor and its subsidiaries by Shandong Finance Heavy Industry Group Finance Co., Ltd. (山東重工集團財務有限公司) (“Shandong Finance”).

Shandong Finance is a subsidiary of Shandong Heavy Industry, who beneficially owns 100 per cent. of the equity interest of Weichai Holdings. Pursuant to the financial services agreement entered into between the Guarantor and Shandong Finance on 21 March 2013 (and the new financial services agreement dated 30 March 2016), Shandong Finance has agreed to provide, inter alia, certain deposit services to the Guarantor and its subsidiaries for a period ending 29 June 2019, upon the expiry of which the parties may extend the term for another three years on a mutually agreed basis.

Shandong Finance shall provide certain deposit services to the Group, the principal terms of which are as follows:

- (a) the interest rate for the deposit of the Group's funds with Shandong Finance shall, subject to the compliance of the relevant requirements of the People's Bank of China, be no less than the highest interest rate for the same type of deposit offered by the major commercial banks for the same period; and
- (b) the maximum daily balance (including interests) of the Group's deposit with Shandong Finance shall not exceed RMB9 billion from 30 June 2013 to 29 June 2014, RMB10.8 billion from 30 June 2014 to 29 June 2015, RMB13 billion from 30 June 2015 to 29 June 2016, RMB17 billion from 30 June 2016 to 29 June 2017, RMB19 billion from 30 June 2017 to 29 June 2018, and RMB20 billion from 30 June 2018 to 29 June 2019.

During the period from 1 January 2016 to 29 June 2016, the maximum daily balance (including interests) of the Group's deposit in Shandong Finance amounted to RMB12,999.1 million, whereas during the period from 30 June 2016 to 31 December 2016, the maximum daily balance (including interests) of the Group's deposit in Shandong Finance amounted to RMB12,424.8 million.

Supply of base engines, gas engine parts and related products by the Guarantor and its subsidiaries and associates to Weichai Power Westport New Energy Engine Co., Ltd. (潍柴西港新能源動力有限公司) ("Weichai Westport").

Pursuant to the framework supply agreement entered into between the Guarantor, Weichai Reproduction, Weichai After-sales Services and Weichai Westport on 25 December 2012 (as amended and supplemented by a supplemental agreement dated 8 December 2014, collectively referred to as the "**Weichai Westport Supply Agreement**"), each of the Guarantor, Weichai After-sales Services, Weichai Reproduction, Weichai Freshen Air and other associates of the Guarantor has agreed to supply certain base engines, gas engine parts, utility and labour services, technology development services and related products and services to Weichai Westport, at market prices and/or prices agreed according to the principle of fairness and reasonableness and settled on a monthly basis for a term from 1 January 2015 to 31 December 2017, upon the expiry of which the parties may extend the term for three years on a mutually agreed basis.

The annual cap for the aforesaid supply of certain base engines, gas engine parts, utility and labour services, technology development services and related products for the year ended 31 December 2016 is RMB3.5 billion. In the year ended 31 December 2016, the total supply of the said products and services by the Guarantor (and its subsidiaries) to Weichai Westport amounted to RMB488.4 million.

Purchase of gas engines, gas engine parts and related products by the Guarantor and its subsidiaries and associates from Weichai Westport.

Pursuant to the framework purchase agreement entered into between the Guarantor, Weichai Reproduction and Weichai After-sales Services and Weichai Westport on 25 December 2012 (as amended and supplemented by a supplemental agreement dated 8 December 2014, collectively referred to as the "**Weichai Westport Purchase Agreement**"), each of the Guarantor, Weichai After-sales Services, Weichai Reproduction and other associates of the Guarantor has agreed to purchase certain gas engines, gas engine parts, labour services and related products and services from Weichai Westport, at market prices and/or prices agreed according to the principle of fairness and reasonableness and settled on a monthly basis for a term from 1 January 2015 to 31 December 2017, upon the expiry of which the parties may extend the term for three years on a mutually agreed basis.

The annual cap for the aforesaid purchase of gas engines, gas engine parts, labour services and related products for the year ended 31 December 2016 is RMB5.6 billion. In the year ended 31 December 2016, the total purchase of the said products and services by the Guarantor (and its subsidiaries) from Weichai Westport amounted to RMB959.3 million.

Acquisition of the entire equity interest in Weichai (Weifang) Medium-duty Diesel Engine Co., Ltd. (濰柴(濰坊)中型柴油機有限公司) (“Weichai Medium”).

On 26 September 2016, the Guarantor entered into an equity transfer agreement with Weichai Holdings, pursuant to which the Guarantor has conditionally agreed to acquire, and Weichai Holdings has conditionally agreed to sell, the entire equity interest in Weichai Medium for a consideration of RMB252.9 million. The purpose of the acquisition was to strengthen the Group’s results and consolidate its portfolio with regard to the development, manufacture and sale of diesel engines. Further, the operations of Weichai Medium which principally focus on medium-duty diesel engines and parts could complement the product mix of the Group, which is expected to improve the Group’s market share and therefore enhance the Group’s competitiveness and operational results as a whole. The said acquisition was completed on 1 November 2016 and since then Weichai Medium has become a wholly-owned subsidiary of the Guarantor and its financial results has been consolidated into the consolidated financial statements of the Group.

PRC REGULATIONS

This section summarises the principal PRC laws and regulations which are relevant to the Group's business and operations and the provision of the Guarantee by the Guarantor. As this is a summary, it does not contain a detailed or comprehensive analysis of the PRC laws and regulations which are relevant in the context of the offering of the Securities.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (“**PRC Constitution**”) and is made up of written laws, regulations, directives and local laws and laws resulting from international treaties entered into by the PRC government. In general, PRC court judgments do not constitute legally binding precedents, although they are used for the judicial reference and guidance.

The National People's Congress of the PRC (the “**NPC**”) and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws governing State agencies and civil, criminal and other matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

The State Council is the highest organ of the state administration and has the power to enact administrative rules and regulations based on the PRC Constitution and laws. The ministries and commissions of the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul administrative rules, regulations, directives and orders.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations and the people's governments may promulgate administrative rules and directives applicable to their own administrative areas. These local rules and regulations must not be inconsistent with the PRC Constitution, the national laws and the administrative rules and regulations promulgated by the State Council.

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas of the law for experimental purposes or in order to enforce the law. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. The Supreme People's Court, in addition to its power to give general interpretation on the application of laws in judicial proceedings, also has the power to interpret specific cases. The State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional rules and regulations is vested in the regional legislative and administrative bodies which promulgated such laws.

THE PRC JUDICIAL SYSTEM

Under the PRC Constitution and the Law of Organization of the People's Courts of the PRC (《中華人民共和國人民法院組織法》), the judicial system consists of the Supreme People's Court, the local courts, military courts and other special courts.

The local courts are comprised of the basic courts, the intermediate courts and the higher courts. The basic courts are further divided into civil, criminal, economic, administrative and other divisions. The intermediate courts have divisions similar to those of the basic courts, and are further divided into other special divisions, such as the intellectual property division. The higher level courts supervise the basic and intermediate courts. The people's procuratorates also have the power to exercise legal supervision over the litigation proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial organ of the PRC. It supervises the administration of justice by all other courts.

The courts employ a "second instance as final" appellate system. A party may appeal against a judgment or ruling of a local court to the court at the next higher level. Second judgments or rulings given at the next higher level and the first judgments or rulings given by the Supreme People's Court are final. First judgments or rulings of the Supreme People's Court are also final. If, however, the Supreme People's Court or a court at a higher level finds an error in a legally effective judgment which has been given by any court at a lower level, or the president of a court finds an error in a legally effective judgment which has been given in the court over which he presides, the case may then be retried in accordance with the judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the "**Civil Procedure Law**"), which was adopted on 9 April 1991 and amended on 28 October 2007, 31 August 2012 and 1 July 2017, respectively, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the place of the object of the contract. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or ruling made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the court to request for enforcement of the judgment, ruling or award. The time limit imposed on the right to apply for such enforcement is two years. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by any party to the action, mandatorily enforce the judgment.

A party seeking to enforce a judgment or ruling of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognised and enforced by a PRC court in accordance with the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination in accordance with the principle of reciprocity, unless the court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

FOREIGN EXCHANGE CONTROLS

The lawful currency of the PRC is the Renminbi, which is subject to foreign exchange controls and is not freely convertible into foreign exchange at this time. SAFE, under the authority of PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

Prior to 31 December 1993, a quota system was used for the management of foreign currency. Any enterprise requiring foreign currency was required to obtain a quota from the local SAFE office before it could convert Renminbi into foreign currency through the PBOC or other designated banks. Such conversion had to be effected at the official rate prescribed by SAFE on a daily basis. Renminbi could also be converted into foreign currency at swap centre. The exchange rates used by swap centres were largely determined by the demand for, and supply of, the foreign currency and the Renminbi requirements of enterprises in the PRC. Any enterprise that wished to buy or sell foreign currency at a swap centre had to obtain the prior approval of SAFE.

On 1 January 1994, the former dual exchange rate system for Renminbi was abolished and replaced by a controlled floating exchange rate system, which was determined by demand and supply of Renminbi. Pursuant to such system, PBOC set and published the daily Renminbi-U.S. dollar exchange rate. Such exchange rate was determined with reference to the transaction price for Renminbi-U.S. dollar in the inter-bank foreign exchange market on the previous day. Also, PBOC, with reference to exchange rates in the international foreign exchange market, announced the exchange rates of Renminbi against other major foreign currencies. In foreign exchange transactions, designated foreign exchange banks may, within a specified range, freely determine the applicable exchange rate in accordance with the rate announced by PBOC.

On 29 January 1996, the State Council promulgated the Regulations for the Administration of Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) (the “**Foreign Exchange Regulations**”) which became effective from 1 April 1996. The Foreign Exchange Regulations classifies all international payments and transfers into current account items and capital account items. Most current account items are subject to the approval by relevant banks that are duly authorised by SAFE to do so, while capital account items are still subject to SAFE approval directly. The Foreign Exchange Regulations was subsequently amended on 14 January 1997. Such amendment affirms that the State shall not restrict international current account payments and transfers. On 1 August 2008, the Foreign Exchange Regulations were further amended pursuant to a resolution of the State Council of China and came into effect on 5 August 2008 (the “**New Forex Regulation**”). Under the New Forex Regulation, foreign currency received under current account by onshore entities will not be asked to be settled into Renminbi automatically, while foreign currency under capital account may also be maintained upon approval. The Renminbi will be convertible for current account items (including the distribution of dividends, interest and royalties payments, and trade and service-related foreign exchange transactions) upon presentation of valid receipts and proof certifying the purposes of the conversion of Renminbi into foreign currency to the designated foreign exchange banks. Conversion of Renminbi into foreign exchange and remittance of foreign exchange funds outside of the PRC for capital account items, like direct investment, loan, loan guarantee, securities investment, capital contribution and repatriation of investment, is still subject to restriction, and prior approval from SAFE or its competent branch.

On 20 June 1996, PBOC promulgated the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) (the “**Settlement Regulations**”) which became effective on 1 July 1996. The Settlement Regulations superseded the Provisional Regulations and abolished the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. Domestic entities seeking to enter into foreign exchange transactions are required to open up foreign exchange accounts for current account or capital account transactions, as the case may be, at banks involved in foreign exchange business. Interest payments for foreign debt may be made from a foreign exchange account of a domestic entity or using foreign exchange purchased at designated foreign exchange banks after the verification of the bona fide nature of the transaction by SAFE. Domestic entities may apply to SAFE for approval to purchase foreign exchange by presenting valid documents required by the Settlement Regulations for repayment of foreign debt principal and such payment can be made upon the approval of SAFE.

On 25 October 1998, PBOC and SAFE promulgated the Notice Concerning the Discontinuance of Foreign Exchange Swapping Business (《關於停辦外匯調劑業務的通知》) pursuant to which and with effect from 1 December 1998, all foreign exchange swapping business in the PRC for foreign-invested enterprises shall be discontinued, while the trading of foreign exchange by foreign-invested enterprises shall be regulated under the system for the settlement and sale of foreign exchange applicable to banks.

On 21 July 2005, PBOC announced the Announcement of the People's Bank of China on Reforming the RMB Exchange Rate Regime (《中國人民銀行關於完善人民幣匯率形成機制改革的公告》) that, beginning from 21 July 2005, the PRC will implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies. The Renminbi exchange rate is no longer pegged to the U.S. dollar only. PBOC will announce the closing price of a foreign currency such as the U.S. dollar traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each business day, setting the central parity for trading of the Renminbi on the following business day.

RULES FOR CROSS-BORDER RENMINBI BUSINESS

On 5 July 2013, PBOC issued the Notice on Simplifying the Procedures for Cross-border Renminbi Business and Improving the Relevant Policies (《關於簡化跨境人民幣業務流程和完善有關政策的通知》) (the “**2013 PBOC Notice**”) to simplify the cross border Renminbi settlement under the current account, extend the financing term of the RMB account of the overseas participating account to one year, and regulate the domestic nonfinancial institutions Renminbi offshore lending business and the provision of overseas Renminbi guarantees and other services. The 2013 PBOC Notice encourages the domestic bank to carry out cross-border Renminbi financing business and the domestic non-financial institutions may apply to the domestic bank for its overseas Renminbi lending or financing settlement business.

According to the 2013 PBOC Notice, PBOC does not set limits for the qualification and guaranteed amount of domestic non-financial institutions engaging in the cross-border guarantee business, and if necessary, such domestic non-financial institutions may apply for registration certificate with local PBOC branch for such guarantee business.

REGULATIONS AND POLICIES REGARDING AUTOMOTIVE INDUSTRY

The Policy on Automotive Industry Development (《汽車產業發展政策》)

On 21 May 2004, the NDRC promulgated the Policy on Automotive Industry Development (《汽車產業發展政策》) (the “**Policy**”), which replaced the old automotive industry development policy issued in 1994 and was further amended on 15 August 2009, as an overall guideline for the automotive industry (including the engines industry and the automotive components and parts industry) in China. The Policy contains provisions relating to, among other things, the PRC automotive industry's technology policies, structural adjustments, market access administration, trademarks, product development, spare parts sales and other relevant sub-industries, distribution networks, investment administration, import administration, and automotive consumption. One of the Policy's stated aims is to develop the PRC automotive industry into a strong pillar of the PRC national economy.

According to the Policy, China encourages OEMs to further specialize in production and gradually change their internal parts manufacturing units into independent and specialized parts and components manufacturing enterprises.

According to the Policy, China supports engine manufacturers and automotive parts and component manufacturers in establishing product research institutions to form innovative and self-development capabilities. Investment amount in the construction of research facilities of self-development products shall be tax-deductible as long as such investment complies with the relevant tax provisions on promotion of enterprise technological progress and China continues to support large automotive parts and components manufacturers to develop parts and components assembly with proprietary intellectual property and at an advanced level.

According to the Policy, China encourages the automotive industry, in combination with the requirements of the strategy of state energy source structural adjustment and emission standards, to conduct research and industrialize new types of power, such as electric cars, batteries used to power vehicles, and focus on the development of hybrid vehicle technology and diesel engine technology. China will take measures in scientific and technological research, technological transformation, industrialization of new technologies and promoting the production and use of hybrid vehicles.

According to the Policy, enterprises that produce engines, components and parts shall register the self-owned trademarks of the commodities and services of their enterprises, in accordance with the PRC Trademark Law (《中華人民共和國商標法》). The state encourages enterprises to plan for the development and protection of brands, and to make efforts to implement brand-operation strategies.

The Restructuring and Rejuvenation Programme of the Automotive Industry (《汽車產業調整和振興規劃》)

On 20 March 2009, the State Council issued the Restructuring and Rejuvenation Programme of the Automotive Industry (《汽車產業調整和振興規劃》) (the “**Programme**”), which specifies certain objectives, policies and measures in relation to the automotive industry.

One of the objectives the Programme provided is to boost the restructuring of the automotive industry. The key automotive parts and components manufacturers are encouraged to expand their scale through merger, acquisition and reorganization, and to increase their market share in the domestic and overseas markets.

According to the Programme, China will make more investments in technological progress and innovation to develop key parts and assemblies which will fill domestic vacancies, build platforms for research, development and testing of common technologies of automobiles and spare parts, as well as develop new-energy automotive and special spare parts. Particularly, China aims at achieving the realization of technological independence of key spare parts in engine, transmission, steering system, braking system, drive train system, suspension system and vehicle bus control system, and urges technologies of special spare parts of new-energy automobiles reaching international advanced level. China will provide support on the industrialization of power modules of new-energy automobiles, the upgrade of technologies of internal combustion engines, the industrialization of advanced transmission, the industrialization of key spare parts, and the establishment of independent public testing agencies and automotive key spare part technology centres featured in the organic integration of “production, education and research.”

Other Provisions Regarding Automobiles

On 28 June 2012, the State Council issued the Plan for the Development of Energy-saving and New Energy Automotive Industry (2012-2020) (《節能與新能源汽車產業發展規劃 (2012-2020)》), pure electric driving force shall be regarded as the main strategic direction for the development of new energy automobiles and the transformation of the automotive industry. At present, China will focus on the promotion of pure electric driving automobiles and plug-in hybrid automobiles, and popularize non-plug-in hybrid automobiles and automobiles with energy-saving internal combustion engine to improve the overall technical proficiency of China’s automotive industry.

According to the Automotive Trade Policies (《汽車貿易政策》) issued by MOFCOM on 10 August 2005, China encourages the trade of automotive components (including engine components) to develop into large scale, good brand and networked industry by way of franchise and chain operation. A supplier or dealer of automobiles or automotive components shall intensify the quality management and improve the product quality as well as service quality. No supplier or dealer of automobiles or automotive components may supply or sell any automotive component that fails to comply with the relevant laws, administrative regulations, compulsory standards and the requirements of compulsory product certification of the state. A supplier of automobiles or automotive parts shall inform the general public of the name list of franchised dealers of automotive parts whose accreditation has been granted or abolished on a periodic basis.

According to the China Technologies Category of Encouraged Import (《中國鼓勵引進技術目錄》) jointly formulated by MOFCOM and State Administration of Taxation on 18 December 2006, China encourages enterprises to introduce foreign advanced and applicable technologies into China, such as the design technology, developing technology and product technology in relation to advanced engines.

On 23 February 2012, MOFCOM issued the 12th Five-year Development Plan of Import & Export Electrical and High-tech Products (《機電和高新技術產品進出口“十二五”發展規劃》), providing that China will actively promote bilateral mutual recognition of results of test on automotive products and strengthen the construction of the national export bases for automotive vehicles and components. According to the Plan, automobile was listed as one of the key industries and the enterprises in key industries are encouraged to establish and improve the overseas marketing and sale service network.

In addition, enterprises which engage in manufacturing special vehicles and trailers within the territory of the PRC for domestic use and special vehicle products manufactured thereby shall be in compliance with the provisions of Administrative Rules on the Entry of Special Vehicle & Trailer Manufacturers and Products (《專用汽車和掛車生產企業及產品准入管理規則》) promulgated by the Ministry of Industry and Information Technology of the PRC (the “MIIT”) on 18 June 2009.

According to the Provisions on the Registration of Motor Vehicles (《機動車登記規定》) issued on 30 April 2004 and revised on 27 May 2008 and on 12 September 2012 by the Ministry of Public Security and other related laws and regulations, China practices the system of motor vehicle registration. All motor vehicles shall be registered with the traffic administration department of the public security authorities before they can be driven on roads.

In addition, China has adopted a number of national and local regulatory measures regulating motor vehicles and drivers, including but not limited to the Highway Law of the PRC (《中華人民共和國公路法》), the Law of Road Traffic Safety of the PRC (《中華人民共和國道路交通安全法》), and the Administrative Rules on Highway Driving of Overloading Vehicle (《超限運輸車輛行駛公路管理規定》).

REGULATIONS REGARDING ENGINE PRODUCTION

Production License

According to the Administrative Regulations of the PRC on Production Licenses for Industrial Products (《中華人民共和國工業產品生產許可證管理條例》), which was promulgated by the No. 440 Order of the State Council on 9 July 2005 and came into force as at 1 September 2005, and the Measures for the Implementation of the Administrative Regulations of the PRC on Production Licenses for Industrial Products (《中華人民共和國工業產品生產許可證管理條例實施辦法》), which was promulgated by the General Administration of Quality Supervision, Inspection and Quarantine and came into effect on 21 August 2014, internal combustion engines, such as diesel engines and universal gas engines, are placed in the “Catalogue of Implementation of Production License Management for Industrial Products (《實行生產許可證制度管理的產品目錄》). Any enterprise that has not obtained a production license for a product listed in such catalogue shall be prohibited from producing the relevant product. No entity or individual may sell or use in the course of business activities any product listed in the Catalogue for which it has not obtained a production license.

Where an enterprise produces any product listed in the aforesaid catalogue without applying for a production license in accordance with these regulations, the government department responsible for production licenses for industrial products shall order it to stop production, confiscate any illegally produced products, and fine the enterprise between one and three times the value of illegally produced products. Any illegal gains shall be confiscated and where the circumstances constitute a crime, criminal liability shall be pursued in accordance with the law.

Any enterprise that seeks to obtain a production license shall meet the following requirements: (i) have a business license; (ii) have professional and technical personnel required for the products it produces; (iii) have production, inspection and quarantine facilities suitable for the products it produces; (iv) have technical and technological documents relating to the products it produces; (v) established a sound and effective quality control system and a system of responsibilities; (vi) have products that comply with relevant national standards, industrial standards and requirements designed to ensure personal health and the safety of personnel and property; and (vii) in compliance with state industrial policy provisions and not be involved in activities such as the use of any outdated technique, high energy costs, pollution of the environment, or the wastage of resources, prohibited by state proclamation or in which investment is prohibited.

The period of validity of a production license shall be five years. During that period, enterprises shall ensure product quality consistency and conformity and submit periodic reports to the department responsible for production licenses for industrial products within the relevant province, autonomous region or municipality directly under the central government.

The State Council department responsible for production licenses for industrial products and the local departments responsible for production licenses for industrial products at or above the county level shall supervise and examine enterprises on a periodic or ad hoc basis. Where it is necessary to inspect a product, the relevant department shall carry out the inspection on the basis of the relevant provisions of the PRC Law on Products Quality.

Products Quality Law of the PRC

According to the Products Quality Law of the PRC (《中華人民共和國產品質量法》), which was passed on the 30th Session of the Standing Committee of the 7th National People's Congress on 22 February 1993, revised by the 16th Session of the Standing Committee of the 9th National People's Congress on 8 July 2000, and came into effect on 1 September 2000 and amended on 27 August 2009, producers and salespeople should establish a completed and internal management system for the product quality, strictly implement post-oriented quality regulations, quality liabilities stipulations and the corresponding measures for their assessment. Products should pass the quality assessment and those without passing the quality assessment should not pretend to have passed such assessment.

China encourages the use of scientific quality management and advanced scientific technology and promotes that the quality of products should reach and be above the industry standard, the state standard and the international standard.

China also carries out a quality accreditation system for enterprises according to the global quality management standard. Enterprises can apply, of their own will, for the quality certificate from the accreditation institutions that are approved by the quality supervision division of the State Council or approved by the division authorized by the quality supervision division of the State Council.

The quality of products should satisfy the following requirements: (i) no unreasonable risks of personal and property safety, and reaching the state standard and industry standard of securing personal health, personal safety and property safety (if any); (ii) have the functions that the products should have, except for the defect that have been explained; (iii) reach the standards that are stated on the products or its packing and meet the quality stated by product illustration and sample.

For the producers and salespeople who have violated the PRC Law on Products Quality, supervision division of quality technology can order them to cease their production and sale, forfeit the products that are illegally produced and sold, impose a fine on them, forfeit their gains from illegal operation and suspend their business license (as the case may be). If the violation is criminal, the producers and salesmen shall bear criminal responsibility.

Standardization Law of the PRC

According to Standardization Law of the PRC (《中華人民共和國標準化法》) (the “**Standardization Law**”), which was passed on the 5th Session of the Standing Committee of the 7th National People’s Congress on 29 December 1988 and came into effect on 1 April 1989, technical requirements for industry products, environmental protection and engineering constructions are required to meet the relevant national standards and trade standards of China. National standards and trade standards are divided into compulsory standards and recommendatory standards. Any entities and individuals that engage in scientific research, production and operation must strictly implement compulsory standards. The production, sale or import of any product that does not conform to compulsory standards shall be handled by the relevant administrative authorities in accordance with the Standardization Law. Where the Standardization Law is silent on such handling, the local SAIC may confiscate the products and any illegal income derived therefrom and impose a fine. In circumstances where serious consequences are incurred and the offence constitutes a crime, the liabilities for responsible personnel may be investigated and established in accordance with law. With respect to products for which national or trade standards have been formulated, enterprises may apply to the standardization administration department under the State Council for product quality certification.

Standards for the discharge of pollutants concerning environmental protection and standards for environmental quality are regulated as the compulsory standards. The compulsory standards we complied with include standards such as Technical Specification for No-board Diagnostic (OBD) System of Compression Ignition and Gas Fuelled Positive Ignition Engines of Vehicles (車用壓燃式、氣體燃料點燃式發動機與汽車車載診斷(OBD)系統技術要求) and Durability of Emission Control Systems of Compression Ignition and Gas Fuelled Positive Ignition Engines of Vehicles (用壓燃式、氣體燃料點燃式發動機與汽車排放控制系統耐久技術要求) both of which are issued by the Ministry of Environmental Protection of the PRC.

In addition, according to the Procedures of the Ministry of Machinery Industry on the Administration of the Standardization of the Automotive Industry (機械部關於汽車行業標準化管理辦法) issued on January 16, 1996, where the recommendatory standards have been adopted by the enterprises, stipulated as a basis in the contracts or regulated by provisions of the governmental department as the compulsive obligations, these recommendatory standards will be enforceable within the enterprise between the parties of contracts or to the extent the said provisions provide.

The Production Safety Law of the PRC

According to the Production Safety Law of the PRC (《中華人民共和國安全生產法》), which was adopted at the 28th session of the Standing Committee of the 9th National People’s Congress of the PRC on 29 June 2002 and amended on 27 August 2009 and on 31 August 2014, respectively, the State Administration of Work Safety (國家安全生產監督管理總局) is in charge of the overall administration of production safety. The production and business operation entities shall set up prominent safety warning marks at the production or business operation sites that have substantial dangerous elements or on the relevant facilities or equipment. The designing, manufacturing, installation, using, checking, maintenance, reforming and claiming as useless of safety equipment shall be in conformity with the national standards or industrial standards.

The safety facilities of the newly built or rebuilt or expanded engineering projects of the production and business operation entities (hereinafter referred to as construction projects as a general term) shall be designed, built and put into production and use at the same time as the principal part of the projects. The investment in safety facilities shall be included in the budgetary estimates of the construction projects concerned.

REGULATIONS REGARDING OVERSEAS INVESTMENT, FINANCING AND ACQUISITION ACTIVITIES

NDRC Supervision

According to the Measures for the Administration of Confirmation and Recordation of Overseas Investment Projects (《境外投資項目核准和備案管理辦法》) effective from 8 May 2014 and amended on 27 December 2014, the procedure of approval and filing shall be respectively applied to different overseas investment projects. Specifically, if the amount of the investment made by the Chinese party is US\$1 billion or more, or if the project is related to the sensitive countries, regions or industries, regardless of the investment amount, the projects shall be subject to the approval of NDRC. If the amount of the investment made by the Chinese party is US\$2 billion or more, and the project is related to the sensitive countries, areas or industries, the projects shall be subject to the examination of NDRC and then shall be reported to the State Council for the approval. Other than the projects specified above, the other projects shall be subject to the filing with the competent governmental body.

Specifically, overseas investment projects carried out by enterprises under central management, or those carried out by local enterprises in which the amount of Chinese investment reaches or exceeds US\$300 million shall be subject to the filing with NDRC. Those carried out by local enterprises in which the amount of Chinese investment is below US\$300 million shall be subject to the filing with competent investment departments of the provincial government.

Investment projects to be carried out in Hong Kong and/or the Macau Special Administrative Region shall be governed by the Measures for the Administration of Approval and Filing of Overseas Investment Projects.

Pursuant to the NDRC Circular, which was promulgated by NDRC and became effective on 14 September 2015, where domestic enterprises, overseas enterprises controlled by them or their overseas branches issue foreign debts, which are debt instruments of not less than one year that are denominated in domestic currency or foreign currency with the capital repaid and interest paid as agreed, including bonds issued overseas and long and medium-term international commercial loans, the enterprises shall apply to NDRC for dealing with the formalities of record-filing and registration before issuance. NDRC shall decide to accept it or not within five working days upon the receipt of the application and provide the record-filing and registration certification of issuance of foreign debts by enterprises within seven working days after acceptance. The enterprises shall submit the issuance information to NDRC within 10 working days of the completion of issuance each time.

MOFCOM Supervision

MOFCOM issued the new version of the Overseas Investment Administration Rules (《境外投資管理辦法》) on 6 September 2014, effective from 6 October 2014 (the “**New Overseas Investment Rules**”). Under the New Overseas Investment Rules, a domestic enterprise intending to carry out any overseas investment shall report to the competent department of commerce for verification or filing and the competent department of commerce shall, with regard to an enterprise so verified or filed, issue thereto an Enterprise Overseas Investment Certificate (企業境外投資證書). If two or more enterprises make joint investment to establish an overseas enterprise, the larger (or largest) shareholder shall be responsible for the verification or filing procedure after obtaining written consent of other investing parties.

An enterprise that intends to invest in a sensitive country or region or a sensitive industry shall apply for the verification by MOFCOM. “Sensitive countries and regions” mean those countries without a diplomatic relationship with the PRC, or subject to the UNSC sanctions or otherwise under the list of verified countries and regions published by MOFCOM from time to time. “Sensitive industries” mean those industries involving the products and technologies which are restricted from being exported, or affecting the interests of more than one country (or region). In accordance with the New Overseas Investment Rules, a central enterprise shall apply to MOFCOM for verification and MOFCOM shall,

within 20 working days after accepting such application, decide whether or not the verification is granted. For a local enterprise, it shall apply through the provincial department of commerce to MOFCOM for such verification. The provincial department of commerce shall give a preliminary opinion within 15 working days after accepting such local enterprise's application and submit all application documents to MOFCOM, while MOFCOM shall decide whether or not the verification is granted within 15 working days of receipt of such preliminary opinion from the provincial department of commerce. Upon verification, the Enterprise Overseas Investment Certificate shall be issued to the investing enterprise by MOFCOM.

Other than those overseas investments subject to MOFCOM verification as described above, all other overseas investments are subject to a filing procedure. The investing enterprise shall complete the filing form through the Overseas Investment Management System (境外投資管理系統), an online system maintained by MOFCOM and print out a copy of such filing form for stamping with the company chop, and then submit such stamped filing form together with a copy of its business licence, for filing at MOFCOM (for a central enterprise (中央企業)) or the provincial department of commerce (for a local enterprise) respectively. MOFCOM or the provincial department of commerce shall accept the filing and issue the Enterprise Overseas Investment Certificate within three working days of receipt of such filing form.

The investing enterprise must carry out the investment within two years of the date of the relevant Enterprise Overseas Investment Certificate, otherwise such certificate will automatically become invalid and a new filing or verification application has to be made by the investing enterprise. In addition, if any item specified in such certificate is changed, the investing enterprise shall make the change of registration at MOFCOM or the provincial department of commerce (as the case may be).

If an overseas invested company carries out a re-investment activity offshore, the investing enterprise shall report such re-investment activity to MOFCOM or the provincial department of commerce (as the case may be) after the legal process of the investment is completed offshore. The investing enterprise shall complete and print out a copy of the Overseas Chinese-invested Enterprise Re-investment Report Form (境外中資企業再投資報告表) from the Overseas Investment Management System and stamp and submit such form to MOFCOM or the provincial department of commerce.

The New Overseas Investment Rules specifically provide that an overseas invested company cannot use the words of "China" ("中國" or "中華") in its name, unless otherwise approved.

Foreign Exchange Administration

According to the Circular of the State Administration of Foreign Exchange on Promulgating the Administrative Provisions on Foreign Exchange of the Outbound Direct Investments of Domestic Institutions (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》), corporations, enterprises or other economic organisations (domestic investors) that have been permitted to make outbound investment shall go through the procedures of registration to the Foreign Exchange Bureau (外匯管理機構). The Foreign Exchange Bureau shall issue the Foreign Exchange Registration Certificate (外匯登記證) for overseas direct investment or an IC card to the domestic institution. The domestic institution shall go through the formalities for outward remittance of funds for overseas direct investment at a designated foreign exchange bank by presenting the approval document issued by the department in charge of overseas direct investment and the Foreign Exchange Registration Certificate for overseas direct investment. The scope of foreign exchange funds for overseas direct investment of domestic institutions includes their own foreign exchange funds, domestic loans in foreign currencies in compliance with relevant provisions, foreign exchange purchased with Renminbi, material objects, intangible assets and other foreign exchange funds approved by the Foreign Exchange Bureaus for overseas direct investment. The profits gained from overseas direct investment of domestic institutions may be deposited in overseas banks and used for overseas direct investment.

State-owned Assets Supervision

The Interim Measures for Administration of Overseas State-owned Property Rights of Central Enterprises (《中央企業境外國有產權管理暫行辦法》) and the Interim Measures for the Supervision and Administration of Overseas State-owned Assets of Central Enterprises (《中央企業境外國有資產監督管理暫行辦法》) also apply to overseas investment projects. Where overseas enterprises wholly owned or controlled by central enterprises or their subsidiaries at all levels conduct economic activities such as transferring or acquiring properties, making non-monetary contribution, changing the state-owned shareholding in non-listed companies, consolidation, division, dissolution or liquidation, they shall appoint a professional agency with the corresponding qualifications, professional experiences and good reputation to evaluate or assess the subject matters, and the evaluation items or valuation results shall be submitted to SASAC for record-filing or approval (as the case may be).

Pursuant to the Interim Measures for Administration of Overseas State-owned Property Right of Central Enterprises, the central enterprise shall, in a unified way, apply for property right registration with the SASAC, where any of the following events take places in connection with a central enterprise or its subsidiaries at all levels:

- (i) where an overseas enterprise is established by way of investment, division or consolidation, or the property right of an overseas enterprise is obtained for the first time by way of acquisition or equity investment;
- (ii) where any change occurs to an overseas enterprise's basic information including its name, registration place, registered capital and the main business scope, or the overseas enterprise's property right information changes due to any changes in the capital contributors, amount of capital contributions and proportions of capital contributions;
- (iii) where an overseas enterprise no longer keeps state-owned property right due to dissolution, bankruptcy, or property right transfer and capital reduction; or
- (iv) other circumstances in which property right registration needs to be made.

TAXATION IN THE PRC

Enterprise Income Tax

Prior to 1 January 2008, under the then applicable PRC law and regulations, entities established in the PRC were generally subject to a 33 per cent. enterprise income tax (“EIT”). However, entities that satisfied certain conditions enjoyed preferential tax treatment. In accordance with the tax laws and regulations effective until 31 December 2007, foreign invested manufacturing enterprises scheduled to operate for a period not less than ten years were exempted from paying state income tax for two years starting from its first profit making year and were allowed a 50 per cent. reduction in its tax rate in the third, fourth and fifth years (“**two-year exemption and three-year reduction by half**”).

On 16 March 2007, the NPC enacted the EIT Law, which, together with its related implementation rules issued by the State Council on 6 December 2007, became effective on 1 January 2008 and was amended on 24 February 2017. The EIT law imposes a single uniform income tax rate of 25 per cent. on all Chinese enterprises, including foreign invested enterprises, and eliminates or modifies most of the tax exemptions, reductions and preferential treatments available under the previous tax laws and regulations. On 26 December 2007, the State Council issued a Notice on the Implementation of the Transitional Preferential Tax Policies (《國務院關於實施企業所得稅過渡優惠政策的通知》). Further, as at 1 January 2008, the enterprises that previously enjoyed “two-year exemption and three-year reduction by half” of EIT and other preferential treatments in the form of tax deductions and exemptions within specified periods may, after the implementation of the EIT law, continue to enjoy the relevant preferential treatments until the expiration of the time period. However, if such an enterprise has not enjoyed the preferential treatments yet because of its failure to make profits, its preferential time period shall be calculated from 2008.

After the implementation of the EIT law, the preferential tax treatment for encouraged enterprises located in western China and certain industry-oriented tax incentives are still available. Pursuant to the Notice on Tax Policy Issues Concerning Further Implementing the Western China Development Strategy, effective from 1 January 2011, the enterprises within the state-encouraged industry located in western China are taxed at a preferential income tax rate of 15 per cent. for years from 1 January 2011 to 31 December 2020.

Value Added Tax

According to the Interim Regulations on the Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) (the “**Interim VAT Regulation**”) which was revised by the State Council on 5 November 2008 and came into effect on 1 January 2009 and was further amended on 6 February 2016, and the Detailed Rules for the Implementation of the Interim Regulation on Value-added Tax of the PRC (《中華人民共和國增值稅暫行實施細則》) promulgated by the PRC Ministry of Finance which came into effect on 1 January 2009 and was amended on 28 October 2011, organisations or individuals who sell commodities, provide processing, repairing or replacement services, or import commodities within the PRC’s territories are subject to value-added tax (“**VAT**”), and shall pay the VAT accordingly. In respect of the sale and import of goods or provision of processing, repairing and replacing services by the taxpayer, the VAT rate is 17 per cent., while for the sale and import of particular commodities listed on the Interim VAT Regulation by the taxpayer, the VAT rate is 13 per cent. and for the export of applicable commodities by the taxpayer, the VAT rate is zero unless otherwise provided by the State Council.

Municipal Maintenance Tax

Under the Interim Regulations of the PRC on Municipal Maintenance Tax (《中華人民共和國城市維護建設稅暫行條例》) promulgated by the State Council in 1985 a taxpayer whether an individual or otherwise, of consumption tax, VAT or business tax shall be required to pay municipal maintenance tax. The tax rate shall be 7 per cent. for a taxpayer whose domicile is in an urban area, 5 per cent. for a taxpayer whose domicile is in a county or a town and 1 per cent. for a taxpayer whose domicile is not in any urban area or county or town.

And according to the Notice on Unifying the Municipal Maintenance Tax and Education Surcharge System of Domestic Enterprises Foreign-Invested Enterprises and Individuals (《國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》) issued by the State Council on 18 October 2010, the municipal maintenance tax becomes applicable to foreign-invested enterprises as at 1 December 2010.

Education Surcharge

Under the Interim Provisions on Imposition of Education Surcharge (《徵收教育費附加的暫行稅條例》) promulgated by the State Council on 28 April 1986 and as amended on 7 June 1990, 20 August 2005 and 8 January 2011, a taxpayer whether an individual or otherwise of consumption tax, VAT or business tax shall pay an education surcharge unless such obliged taxpayer is instead required to pay a rural area education surcharge as provided by the Notice of the State Council on Raising Funds for Schools in Rural Areas.

And according to the Notice on Unifying the Municipal Maintenance Tax and Education Surcharge System of Domestic Enterprises Foreign-invested Enterprises and Individuals as issued by the State Council on 18 October 2010, the education surcharge becomes applicable to foreign-invested enterprises as at 1 December 2010.

ENVIRONMENTAL PROTECTION LAWS

China adopted its Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (the “**Environmental Protection Law**”) in 1989, and the State Council and the Ministry of Environmental Protection promulgate regulations as required from time to time. The Environmental Protection Law addresses issues relating to environmental quality, waste disposal and emissions, including air, water and noise emissions. On 11 August 2013, the State Council released a guideline titled “Opinions of the State Council on Accelerating the Development of Energy-Saving and Environmental Protection Industries” (《國務院關於加快發展迴圈經濟的若干意見》). According to the document, the government is upgrading the environmental sector to a key industry by 2015 and the sector is expected to grow at the rate of 15 per cent. annually. The government announced that it would fund through investments, tax breaks and direct subsidies, environmental protection industries across a range of technologies addressing air, water and soil pollution including energy saving products, electrical vehicles and pollution monitoring. On 19 November 2014, the State Council unveiled a new Energy Development Strategy Action Plan (2014-2020) (《能源發展戰略行動計畫(2014-2020年)》) focusing on the development of renewables and limiting its primary energy consumption growth rate to 3.5 per cent. per year until 2020. Premier Li Keqiang in his 2015 annual policy report acknowledged the concern over environmental pollution and stated that the Chinese government would implement an action plan to conserve energy, reduce emissions and improve the environment such as promoting the use of new-energy vehicles, improving the quality of fuel and prohibiting the use of commercial vehicles registered prior to the end of 2005.

Amendments to the 1989 Environmental Protection Law were proposed in order to achieve these aims which were passed by Standing Committee of the NPC on 24 April 2014 and came into effect on 1 January 2015. The new amendments provide for increased fines against polluting companies, detention of negligent executives, protection for whistle-blowers and penalties for officials who fail to enforce laws. Environmental regulations have not had a material impact on the Group’s results of operations. The Group expects that environmental standards and their enforcement in China will, as in many other countries, become more stringent over time, especially as technical advances make achievement of higher standards more feasible. The Group has built an air filter system to reduce the level of dust and fumes resulting from its production of diesel engines.

As at July 2013, the China National IV emission standards for diesel engines was effective throughout China, and strict enforcement of the standards commenced nationwide on 1 January 2015. In an effort to combat increasing air pollution, the China National V emission standards for natural gas engines were implemented throughout China on 1 January 2013. In addition, the Chinese government has mandated that all new registrations in Beijing of diesel engine vehicles for use in public transit and light-duty gasoline powered engine vehicles must comply with the China National V emission standards with effect from 1 February 2013 and 1 March 2013, respectively.

The Group produces diesel engines compliant with China National IV and V emission standards and also has the ability to produce certain diesel compliant with China National VI emission standards, as well as develop alternative fuels and environmentally friendly hybrid engines with improved fuel efficiency. The Group also produces diesel engines compliant with Tier 2 emission standards and has the ability to produce diesel engines compliant with Tier 3 emission standards for use in non-road machinery. See “Risk Factors — Risks Relating to The Group’s Businesses — The Group may fail to comply with present or future applicable environmental laws and regulations.” The Group is subject to Chinese national and local environmental protection regulations which currently impose fees for the discharge of waste substances, require the payment of fines for pollution, and provide for the closure by the Chinese government of any facility that fails to comply with orders requiring the Group to cease or improve upon certain activities causing environmental damage. Due to the nature of its business, the Group produces certain amounts of waste water, gas, and solid waste materials during the course of its production. The Group believes its environmental protection facilities and systems are adequate for it to comply with the existing national, provincial and local environmental protection regulations. However, Chinese national, provincial or local authorities may impose additional or more stringent regulations which would require additional expenditure on environmental matters or changes in the Group’s processes or systems.

On 29 November 1998, the State Council promulgated the Regulations on the Administration of Environmental Protection of Construction Project (《建設項目環境保護管理條例》), which was amended on 16 July 2017 and is expected to become effective on 1 October 2017. On 28 October 2002, the Standing Committee promulgated the Law on Appraising of Environment Impact of the PRC (《中華人民共和國環境影響評價法》) which became effective on 1 September 2003 and was amended on 2 July 2016. According to the aforesaid laws, the construction units responsible for the construction projects must submit corresponding environmental impact appraisal documents to the relevant administrative departments of environmental protection for examination and approval; where the construction project is governed by an industrial authority, the environmental impact appraisal documents shall be pre-reviewed by the industrial authority before submitting to the competent administrative department of environment protection for examination and approval. If the construction units fail to submit the aforesaid environmental impact appraisal documents according to the applicable PRC laws and regulations, or if the documents are not approved after examination by the relevant administrative departments, the departments responsible for examination and approving the relevant construction projects shall not approve such projects and the construction units shall not commence the construction. Meanwhile, the environmental protection facilities for the pollution prevention and control at a construction project shall be designed, built and commissioned together with the main part. No permission shall be given for a construction project to be commissioned until its installations for (the prevention and control of pollution) are examined and assessed to be up to standard by the relevant administrative department of the environmental protection that is responsible for examining and approving the environmental impact statement of the applicant.

Under the amended Law on Prevention of Environmental Pollution Caused by Solid Waste of the PRC (《中華人民共和國固體廢物污染環境防治法》), which was promulgated on 30 October 1995 and last amended on 7 November 2016, entities and individuals that collect, store, transport, utilise or dispose of solid waste must take precautions against the spread, loss, and leakage of such solid waste or adopt such other measures to prevent such solid waste from polluting the environment.

CROSS-BORDER GUARANTEE REGULATIONS

On 12 May 2014, the SAFE promulgated the Notice concerning the Foreign Exchange Administration Rules on Cross-Border Guarantees (跨境擔保外匯管理規定的通知) and the relevant implementation guidelines (collectively the “**Cross-Border Guarantee Regulations**”). The Cross-Border Guarantee Regulations, which came into force on 1 June 2014, replace twelve other regulations regarding cross-border security and introduce a number of significant changes, including: (i) abolishing prior SAFE approval and quota requirements for cross-border security; (ii) requiring SAFE registration for two specific types of cross-border security only; (iii) removing eligibility requirements for providers of cross-border security; (iv) the validity of any cross-border security agreement is no longer subject to SAFE approval, registration, filing, and any other SAFE administrative requirements; and (v) removing SAFE verification requirement for performance of cross-border security. A cross-border guarantee is a form of security under the Cross-Border Guarantee Regulations. The Cross-Border Guarantee Regulations classify cross-border security into three types:

- Nei Bao Wai Dai (內保外貸) (“**NBWD**”): security/guarantee provided by an onshore security provider for a debt owing by an offshore debtor to an offshore creditor.
- Wai Bao Nei Dai (外保內貸) (“**WBND**”): security/guarantee provided by an offshore security provider for a debt owing by an onshore debtor to an onshore creditor.
- Other Types of Cross-border Security (其他形式跨境擔保): any cross-border security/guarantee other than NBWD and WBND.

In respect of NBWD, in the case where the onshore security provider is a non-financial institution, it shall conduct a registration of the relevant security/guarantee with local SAFE within 15 working days after its execution (or 15 working days after the date of any change to the security). The funds borrowed

offshore shall not be directly or indirectly repatriated to or used onshore by means of loans, equity investments or securities investments without prior approval from local SAFE. The onshore security provider can pay to the offshore creditor directly (by effecting remittance through an onshore bank) where the NBWD has been registered with local SAFE. In addition, if any onshore security provider under a NBWD provides any security or guarantee for an offshore bond issuance, the offshore issuer's equity shares must be fully or partially held directly or indirectly by the onshore security provider. Moreover, if the proceeds from any such offshore bond issuance are to be applied towards any offshore project(s), the onshore entity must hold equity interests in such projects and all requisite approvals, registrations, records, or confirmations in respect of the offshore project(s) must have been obtained from or made with the competent authorities subject to PRC Laws.

The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor's obligations in respect of the Securities and the Trust Deed (the "**Guarantee**") are contained in the Deed of Guarantee. The Deed of Guarantee will be executed by the Guarantor on or before the Issue Date. The Deed of Guarantee does not require any pre-approval from SAFE under the Cross-Border Guarantee Regulations and shall be binding and effective upon execution.

The Guarantor is required to submit the Deed of Guarantee to the local SAFE for registration within 15 working days after its execution. The SAFE registration is merely a post signing registration requirement, which is not a condition to the effectiveness of the Guarantee.

Under the Cross-Border Guarantee Regulations, the local SAFE will go through a procedural review (as opposed to a substantive approval process) of the Guarantor's application for registration. Pending completion of the review, the local SAFE will issue a registration notice or record to the Guarantor to confirm the completion of the registration. The Guarantor has been advised by its PRC legal advisors that there are no foreseeable obstacles to the completion of the registration so long as all relevant documents have been duly submitted to SAFE.

Under the Cross-Border Guarantee Regulations:

- non-registration does not render the Guarantee ineffective or invalid under PRC law although SAFE may impose penalties on the Guarantor if registration is not carried out within the stipulated time frame of 15 working days; and
- there may be logistical hurdles at the time of remittance (if any cross-border payment is to be made by the Guarantor under the Guarantee) as domestic banks may require evidence of SAFE registration in order to effect such remittance, although this does not affect the validity of the Guarantee itself.

The Terms and Conditions of the Securities provide that upon completion by the Guarantor of registration of the Guarantee with the Shandong Branch of SAFE, the Guarantor shall deliver an officer's certificate to the Trustee in the form set forth in the Trust Deed attaching a copy of the relevant certificate of registration from the Shandong Branch of SAFE and certifying that such copy is true and correct upon completion of such registration (the "**Registration Records**") on or before the date following 90 Shandong Business Days (as defined in Condition 5(d) of the Terms and Conditions of the Securities) after the Issue Date (the "**SAFE Completion Deadline**"). If the Guarantor fails to complete the SAFE registration and deliver the Registration Records to the Trustee before the SAFE Completion Deadline, the holders of Securities will have a put option to require the Issuer to redeem all but not some of the Securities held by them at their principal amount together with accrued interest (see Condition 5(d) of the Terms and Conditions of the Securities).

A domestic non-financial institution may provide Renminbi guarantee for external parties in accordance with the Property Law of the People's Republic of China, the Guarantee Law of the PRC and other relevant laws. According to 2013 PBOC Notice, where the domestic non-financial institution uses

Renminbi to perform its obligations as a guarantor of external guarantees, the relevant domestic bank shall process Renminbi settlement for the said institution after examining the authenticity of relevant transactions, and submit relevant information to the cross-border Renminbi receipt and payment information management system. The domestic non-financial institution may also directly pay the funds for performance of its obligations as the guarantor with the Renminbi funds retained overseas.

LABOR PROTECTION

The PRC Labour Contract Law (《中華人民共和國勞動合同法》) was promulgated on 29 June 2007 and became effective on 1 January 2008, as amended on 28 December 2012, and the PRC Labour Contract Law Implementation Rules (《中華人民共和國勞動合同法實施條例》) was promulgated on 18 September 2008. These labour laws and rules set out specific provisions in relation to the execution, contents and terms of employment contracts and the rights and obligations of employees and employers. To establish an employment relationship, a written employment contract shall be signed. In the event that no written employment contract was signed at the time that an employment relationship is formed, a written employment contract shall be signed within one month after the date on which the employer first engaged the employee.

Employers in China are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance, and housing provident funds. These payments are made to local administrative authorities and an employer who fails to contribute may be fined and be ordered to make-up for the missed contributions. The various laws and regulations that govern the employers' obligation to contribute to the social security funds include PRC Social Insurance Law (《中華人民共和國社會保險法》), which were promulgated by the Standing Committee of the NPC on 28 October 2010 and became effective on 1 July 2011; the Interim Regulations on the Collection and Payment of Social Security Funds (《社會保險費徵繳暫行條例》), which were promulgated by the State Council and became effective on 22 January 1999; the Interim Measures concerning the Maternity Insurance (《企業職工生育保險試行辦法》), which were promulgated by the Ministry of Labour on 14 December 1994 and became effective on 1 January 1995; the Regulations on Occupational Injury Insurance (《工傷保險條例》), which were promulgated by the State Council on 27 April 2003 and became effective on 1 January 2004 and then amended on 20 December 2010; and the Regulations on Management of the Housing Provident Fund (《住房公積金管理條例》), which were promulgated and became effective on 3 April 1999 and then amended on 24 March 2002.

TAXATION

The following summary of certain tax consequences relating to the Securities is based upon applicable laws, rules and regulations in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Securities and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Securities should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of Securities, including any possible consequences under the laws of their country of citizenship, residence or domicile.

Hong Kong

Withholding tax

No withholding tax is payable in Hong Kong in respect of payments of principal or Distribution (including Arrears of Distribution) on the Securities or in respect of any capital gains arising from the sale of the Securities.

Profits tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**Inland Revenue Ordinance**”) as it is currently applied by the Inland Revenue Department, Distributions (including Arrears of Distribution) on the Securities may be deemed to be profits arising in or derived from Hong Kong from a trade, professional or business carried on in Hong Kong in the following circumstances:

- (a) Distribution (including Arrears of Distribution) on the Securities is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (b) Distribution (including Arrears of Distribution) on the Securities is derived from Hong Kong and is received by or accrues to a company carrying on a trade, profession or business in Hong Kong; or
- (c) Distribution (including Arrears of Distribution) on the Securities is derived from Hong Kong and is received by or accrues to a person other than a company (such as a partnership), carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business.

Sums derived from the sale, disposal or redemption of the Securities will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Securities are acquired and disposed of.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of the Securities will be subject to profits tax.

Stamp duty

No Hong Kong stamp duty will be chargeable upon the issue of a Security.

Estate duty

No Hong Kong estate duty is payable in respect of the Securities.

Proposed Financial Transactions Tax (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common financial transactions tax in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**Participating Member States**”). However, Estonia has since stated that it will not participate in the proposal.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Securities (including secondary market transactions) in certain circumstances.

Under the Commission’s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Securities where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, “established” in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The FTT proposal remains subject to negotiation between the Participating Member States and it may be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Securities are advised to seek their own professional advice in relation to the FTT.

PRC

EIT Law

Pursuant to the EIT Law, enterprises that are established under laws of foreign countries and regions whose “de facto management bodies” are within the territory of the PRC may be deemed by the relevant PRC tax authorities to be PRC tax resident enterprises for the purpose of the EIT Law and required to pay enterprise income tax at the rate of 25 per cent. in respect of their income sourced from both within and outside China. If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “de facto management body” of the Issuer is within the territory of the PRC, the Issuer may be held to be a PRC tax resident enterprise for the purpose of the EIT Law and be subject to enterprise income tax at the rate of 25 per cent. on its income sourced from both within and outside PRC. As confirmed by the Issuer, as at the date of this Offering Circular, the Issuer has not been given notice or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law, nor has it sought clarification from the PRC tax authorities in this regard. On that basis, non-PRC resident holders of the Securities would not be subject to income tax imposed by any governmental authority in the PRC in respect of the holding of the Securities or any repayment of principal and payment of Distributions (including Arrears of Distribution) made thereon. However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future.

The EIT Law imposes withholding tax at the rate of 10 per cent. on PRC-source income paid to a “non-PRC resident enterprise” that does not have an establishment or place of business in China or that has an establishment or place of business in China but the relevant income is not effectively connected therewith. Pursuant to these provisions of the EIT Law, in the event the Issuer is considered a PRC resident enterprise by the PRC tax authorities in the future, payments of Distributions (including Arrears of Distribution) to non-PRC resident enterprise holders of the Securities may be treated as income derived from sources within China and be subject to PRC withholding tax at a rate of 10 per cent., and any gains realised on the transfer of the Securities by holders who are deemed under the EIT Law as non-PRC resident enterprises may be subject to PRC tax at a rate of 10 per cent. if such gains are regarded as income derived from sources within the PRC. In addition, if the Issuer is considered a PRC resident enterprise by the PRC tax authorities in the future, payments of Distributions (including Arrears of Distribution) to non-PRC resident individual holders of the Securities may be treated as income derived from sources within China and be subject to PRC withholding tax at a rate of 20 per cent. There is uncertainty as to whether the gains derived from the transfer of the Securities by individual holders who are not PRC residents will be regarded as PRC-sourced income if the Issuer is considered a PRC resident. If the Issuer is considered a PRC resident and such gain is considered as PRC-sourced income, this gain will be subject to PRC individual income tax at the rate of 20 per cent. The taxable income on the transfer of the Securities will be the balance of the total income obtained from the transfer of the Securities minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. The tax rates applicable to Distributions (including any Arrears of Distribution) and gains may be reduced by applicable tax treaties. According to an arrangement between Mainland China and Hong Kong for the avoidance of double taxation, holders of Securities who are qualifying Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Securities.

As the Guarantor is a PRC enterprise, payments in respect of the Securities will be subject to PRC withholding tax at a rate of 10 per cent. in the case of payments to non-PRC resident enterprises or 20 per cent. in the case of payments to non-PRC resident individuals. These rates may be reduced by an applicable tax treaty.

On 23 March 2016, the Ministry of Finance of the PRC and the State Administration of Taxation issued the Circular of Full Implementation of Business Tax to Value Added Tax Reform (關於全面推開營業稅改徵增值稅試點的通知) (Caishui [2016] No. 36, “**Circular 36**”) which confirms that business tax was replaced by VAT from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, VAT.

According to Circular 36, entities and individuals providing certain services within the PRC are subject to VAT. Services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of the Securities might be treated as the holders of the Securities providing loans to the Issuer, and thus might be regarded as financial services subject to VAT.

Although it is uncertain, given that there is no assurance that the Issuer will not be treated as “resident enterprises” under the EIT Law, PRC tax authorities might take the view that the holders of the Securities are providing loans within the PRC if the Issuer is treated as a PRC tax resident. In such case, the issuance of the Securities might be regarded as the provision of financial services within the PRC that is subject to VAT and consequently, non-PRC resident holders of the Securities might be subject to withholding of VAT at the rate of 6 per cent. on payments of Distributions (including Arrears of Distribution) under the Securities. In addition, non-PRC resident holders of the Securities might be subject to the withholding of local levies at approximately 12 per cent. of the VAT payment.

Where a holder of the Securities who is an entity or individual located outside of the PRC resells the Securities to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, theoretically Circular 36 does not apply and the Issuer does not have the obligation to withhold VAT or the local levies. However, there is uncertainty as to the applicability of VAT if either the seller or buyer of the Securities is located within the PRC.

It is uncertain whether payments by the Guarantor might be subject to VAT withholding.

Stamp Duty

No PRC stamp tax will be chargeable upon the issue or transfer of a Security to the extent that the register of holders of the Securities is maintained outside mainland China. The Issuer intends to maintain the register of holders of the Securities outside mainland China.

DESCRIPTION OF CERTAIN MATERIAL DIFFERENCES BETWEEN THE PRC GAAP AND IFRS

The consolidated financial statements of the Guarantor included in this Offering Circular have been prepared and presented in accordance with the PRC GAAP. The PRC GAAP is substantially in line with IFRS, except for certain modifications between the PRC GAAP and IFRS, which might be relevant to the financial information of Company included herein.

The following is a general summary of certain differences between the PRC GAAP and IFRS as applicable to the Guarantor. The differences identified below are limited to those significant differences that are appropriate to the Guarantor's financial statements. Since the summary is not meant to be exhaustive, there can be no assurance regarding the completeness of the summary. The Guarantor has not prepared a complete reconciliation of the consolidated financial information and related footnote disclosure between the PRC GAAP and IFRS and has not quantified such differences. Had any such quantification or reconciliation been undertaken by the Guarantor, other potentially significant accounting and disclosure differences may be required that are not identified below. Additionally, no attempt has been made to identify possible future differences between the PRC GAAP and IFRS as a result of prescribed changes in accounting standard. Regulatory bodies that promulgate the PRC GAAP and IFRS have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between the PRC GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future. Accordingly, no assurance is provided that the following summary of differences between the PRC GAAP and IFRS is complete.

In making an investment decision, prospective investors must rely upon their own examination of the Issuer, the Guarantor, the Group, the terms of the offering and other disclosure contained herein. Prospective investors should consult their own professional advisors for an understanding of the differences between the PRC GAAP and IFRS and/or between the PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

Land Use Right

Under the PRC GAAP, the Land use right in China with lease period generally within 70 years is accounted and presented as intangible assets unless those classified as investment property.

However, under IFRS, the Land use right in China is accounted and presented as prepaid land lease payment unless those classified as investment property.

Provision for Production Safety Expenses

Under the PRC GAAP, in accordance to relevant regulations in the PRC, production safety expenses are appropriated to a special reserve in equity with amount thereof determined based on certain formulas and charged to the costs of related products or services. When the expenses have incurred which have not resulted in fixed assets, such expenses shall be offset against the special reserve; when the expenses have incurred and have resulted in fixed assets, they shall be recognised in construction in progress and transferred to fixed assets when the assets are ready for the intended use. Same amount as the expenditure will be offset against the special reserve and recorded as accumulated depreciation at the same time.

Pursuant to IFRS, production safety expenditures not related to fixed assets shall be recognised in cost of related products or services as and when incurred. Production safety expenditures related to fixed assets shall be capitalised as cost of fixed assets as and when incurred, and depreciated according to relevant accounting policies of the Group.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with Barclays Bank PLC and J.P. Morgan Securities plc as the Joint Lead Managers dated 7 September 2017 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to each Joint Lead Manager, and each Joint Lead Manager has agreed, severally but not jointly, to subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Securities indicated in the following table:

	Principal amount of the Securities to be subscribed
	US\$
Joint Lead Managers	
Barclays Bank PLC	387,500,000
J.P. Morgan Securities plc	387,500,000
Total	775,000,000

The Subscription Agreement provides that the Issuer and the Guarantor will jointly and severally indemnify the Joint Lead Managers and their respective affiliates against certain liabilities in connection with the offer and sale of the Securities. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Issuer and the Guarantor have agreed that, for a period of 60 days from the date on which the Securities are issued, neither the Issuer nor the Guarantor, nor any of their respective subsidiaries, any person acting on its or their behalf will, without the prior written consent of the Joint Lead Managers, issue, sell, offer or agree to sell, grant any option for the sale of, or otherwise dispose of, any debt securities or securities similar to the Securities of the Issuer or the Guarantor or securities of the Issuer or the Guarantor that are convertible into, or exchangeable for, the Securities or such other debt securities or securities similar to the Securities, or any debt securities or securities similar to the Securities guaranteed by the Guarantor.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities (“**Banking Services and/or Transactions**”). The Joint Lead Managers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services and/or Transactions with the Issuer and the Guarantor for which they have received, or will receive, fees and expenses. Certain of the Joint Lead Managers are currently lenders under a loan facility of the Issuer, certain amount under which may be repaid with the proceeds of the Offerings. The Joint Lead Managers may offer and sell the Securities to or through any of their respective affiliates and any such affiliate may offer and sell the Securities purchased by it to or through the Joint Lead Managers. The Joint Lead Managers or any of their respective affiliates may purchase the Securities and be allocated the Securities for asset management and/or proprietary purposes and not with a view to distribution.

In connection with the offerings of the Securities, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor, may place orders, receive allocations and purchase Securities for their own account (without a view to distributing such Securities). Such entities may hold or sell such Securities or purchase further Securities for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor, and therefore, they may offer or sell the Securities or other securities otherwise than in connection with the Offerings. Accordingly, references herein to the Securities being “offered” should be read as including any offering of the Securities to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor for their own account. Such entities are not expected to disclose such transactions or the extent of any such

investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Securities and an active trading market for the Securities may not develop. See “Risk Factors – Risks Relating to the Securities and the Guarantee – A trading market for the Securities may not develop, and there are restrictions on resales of the Securities”. The Issuer, the Guarantor and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Securities amongst individual investors.

In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer and/or the Guarantor, including the Securities. The Joint Lead Managers or certain of their respective affiliates that have a lending relationship with the Issuer and/or the Guarantor routinely hedge their credit exposure to the Issuer and/or the Guarantor consistent with their customary risk management policies. Typically, such Joint Lead Managers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer’s and/or the Guarantor’s securities, including potentially the Securities offered hereby. Any such short positions could adversely affect future trading prices of the Securities offered hereby.

General

None of the Issuer, the Guarantor or any Joint Lead Manager makes any representation that any action will be taken in any jurisdiction by the Joint Lead Managers or the Issuer or the Guarantor that would permit a public offering of the Securities, or possession or distribution of this Offering Circular (in preliminary, proof or final form) or any other offering or publicity material relating to the Securities (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Joint Lead Manager will severally and not jointly comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers the Securities or has in its possession or distributes this Offering Circular (in preliminary, proof or final form) or any such other material, in all cases at its own expense. It will also ensure that no obligations are imposed on the Issuer, the Guarantor or any other Joint Lead Managers in any such jurisdiction as a result of any of the foregoing actions. Each Joint Lead Manager will obtain, and none of the Issuer, the Guarantor and the other Joint Lead Managers will have responsibility for obtaining, any consent, approval or permission required by such Joint Lead Manager for its acquisition, offer, sale or delivery of the Securities under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. No Joint Lead Manager is authorised to make any representation or use any information in connection with the issue, subscription and sale of the Securities other than as contained in, or which is consistent with, this Offering Circular (in final form) or any amendment or supplement to it.

United States

The Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Joint Lead Manager has represented and warranted that it has not offered or sold, and has agreed that it will not offer or sell, any of the Securities constituting part of its allotment except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Securities. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Securities, an offer or sale of the Securities within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

European Economic Area

In relation to each Member State of the European Economic Area (each, a “**Relevant Member State**”), each Joint Lead Manager has represented and agreed that it has not made and will not make an offer of the Securities which are the subject of the offering contemplated by this Offering Circular to the public in that Relevant Member State other than:

- (1) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (2) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Joint Lead Managers nominated by the Issuer for any such offer; or
- (3) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Securities shall require the Issuer, the Guarantor or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Securities to the public” in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Joint Lead Manager has represented, warranted and agreed that:

- (1) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

Italy

The offering of the Securities has not been registered pursuant to Italian securities legislation and, accordingly, no Securities may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to the Securities be distributed in the Republic of Italy, except:

- i. to “qualified investors”, as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (“Decree No. 58”) and Article 34-ter, paragraph 1, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended (“Regulation No. 11971”); or
- ii. in other circumstances which are exempted from the rules on offerings of securities to the public pursuant to Article 100 of Decree No. 58 and Article 34-ter, paragraph 1, of Regulation No. 11971.

Any offer, sale or delivery of the Securities or distribution of copies of this Offering Circular or any other document relating to the Securities in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Legislative Decree No. 385 of 1 September 1993, as amended (the “Consolidated Banking Act”), Decree No. 58 and CONSOB Regulation No. 16190 of 29 October 2007, as amended;
- (b) in compliance with Article 129 of the Consolidated Banking Act, as amended, and the implementing guidelines of the Bank of Italy which have been issued on the 25th of August 2015 and have come into force from the 1st of October 2016, as amended from time to time, pursuant to which the Bank of Italy requests periodic information on the issue or the offer of securities in the Republic of Italy to be provided by uploading such information on the Infostat platform of the Bank of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authorities.

Please note that in accordance with Article 100-bis of Decree No. 58, concerning the circulation of financial products, where no exemption from the rules on offerings of securities to the public applies under (i) and (ii) above, the subsequent distribution of the Securities on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under Decree No. 58 and Regulation No. 11971. Furthermore, Article 100-bis of Decree No. 58 affects the transferability of the Securities in the Republic of Italy to the extent that any placing of the Securities is made solely with qualified investors and the Securities are then systematically resold to non-qualified investors on the secondary market at any time in the 12 months following such placing. Where this occurs, if a prospectus has not been published, purchasers of the Securities who are acting outside of the course of their business or profession may be entitled to have such purchase declared null and void and to claim damages from any authorized intermediary at whose premises the Securities were purchased, unless an exemption provided for by Decree No. 58 applies.

Spain

Neither this Offering Memorandum nor any separate prospectus (folleto informativo) has been or will be registered with the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores) and therefore the Securities may not be offered or sold or distributed in Spain except in circumstances which do not qualify as a public offer of the Securities in Spain in accordance with article 35 of the consolidated text of the Spanish Securities Market Act (texto refundido de la Ley del Mercado de Valores aprobado mediante el Real Decreto Legislativo 4/2015 de 23 de octubre) as amended and restated, or if an exemption from registration is available in accordance with article 41 of the Royal Decree 1310/2005 (Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos), as amended, and their respective implementing regulations.

France

This Offering Memorandum has not been prepared and is not being distributed in the context of a public offering of securities in France (offre au public de titres financiers) within the meaning of Article L. 411-1 of the French Monetary and Financial Code (Code monétaire et financier) and, therefore, this Offering Memorandum or any other offering materials relating to the Securities have not been and will not be filed with the French Autorité des marchés financiers (the “AMF”) for prior approval or submitted for clearance to the AMF and, more generally no prospectus (including any amendment, supplement or replacement thereto) has been prepared in connection with the offering of the Securities that has been approved by the AMF or by the competent authority of another Member State of the European Economic Area and notified to the AMF and to the Issuer.

The Dealers: (i) have not offered or sold and will not offer or sell, directly or indirectly, any Securities to the public in France; (ii) have not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Offering Memorandum or any other offering materials relating to the Securities; and (iii) confirm that such offers, sales and distributions have been and will only be made in France to persons licensed to provide the investment service of portfolio management for the account of third parties (personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers), or qualified investors (investisseurs qualifiés) acting for their own account, all as defined in, and in accordance with, Articles L. 411-2 and D. 411-1 of the French Monetary and Financial Code (Code monétaire et financier) and applicable regulations thereunder. The direct or indirect distribution to the public in France of any Securities so acquired may be made only in accordance with the provisions of Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Monetary and Financial Code (Code monétaire et financier) and applicable regulations thereunder.

Denmark

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered or sold and will not offer, sell or deliver any Securities directly or indirectly in Denmark by way of a public offering, unless in compliance with the Danish Consolidated Act No. 1229 of 7 September 2016 on Trading in Bond, as amended, and any Executive Orders issued thereunder and in compliance with Executive Order 623 of 24 April 2015 to the Danish Financial Business Act.

The Netherlands

The Securities are not and may not be offered in the Netherlands other than to persons or entities which are qualified investors (gekwalificeerde beleggers) within the meaning of Section 1:1 of the Dutch Financial Supervision Act (Wet op het financieel toezicht) (which implements the definition of “qualified investors” in the Prospectus Directive (Directive 2003/71/EC)).

The People's Republic of China

Each Joint Lead Manager has represented, warranted and agreed that the Securities are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People's Republic of China.

Hong Kong

Each Joint Lead Manager has represented and agreed that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made under that Ordinance.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Securities or caused such Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell such Securities or cause such Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Securities, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor or other person specified in Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased in reliance on an exemption under Sections 274 or 275 of the SFA, the Securities shall not be sold within the period of six months from the date of the initial acquisition of the Securities, except to any of the following persons:

- (a) an institutional investor (as defined in Section 4A of the SFA);
- (b) a relevant person (as defined in Section 275(2) of the SFA); or
- (c) any person pursuant to an offer referred to in Section 275(1A) of the SFA,

unless expressly specified otherwise in Section 276(7) of the SFA or Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore (the “SFR”).

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA, except:

- (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Japan

The Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Securities in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws, regulations and ministered guidelines of Japan.

GENERAL INFORMATION

1. **Clearing Systems:** The Securities have been accepted for clearance through Euroclear and Clearstream under Common Code 167935001 and ISIN XS1679350014.
2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of and performance of its obligations under the Securities, the Trust Deed, the Agency Agreement and the Deed of Guarantee. The issue of the Securities was authorised by resolutions of the board of director of the Issuer passed on 31 August 2017. The giving of the Guarantee of the Securities was authorised by resolutions of the board of directors of the Guarantor passed on 14 July 2017 and by the general meeting of shareholders on 30 August 2017.
3. **No Material Adverse Change:** Except as disclosed in this Offering Circular, there has been no material adverse change since 30 June 2017 in the financial or trading position, prospects or results of operations of the Issuer, the Guarantor or the Group.
4. **Litigation:** None of the Issuer, the Guarantor or any member of the Group is involved in any litigation or arbitration proceedings, which the Issuer, the Guarantor or the Group, as the case may be, believes are material in the context of the Securities and the giving of the Guarantee of the Securities and, so far as the Issuer, the Guarantor or the Group is aware, no such litigation or arbitration proceedings are pending or threatened which are material in the context of the Securities and the giving of the Guarantee of the Securities.
5. **Listing of the Securities:** Approval in-principle has been received from SGX-ST for the listing and quotation of the Securities on the SGX-ST. For so long as the Securities are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Certificate is exchanged for definitive certificates, the Issuer will appoint and maintain a paying agent in Singapore, where definitive certificates may be presented or surrendered for payment or redemption. In addition, in the event that the Global Certificate is exchanged for definitive certificates, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive certificates, including details of the paying agent in Singapore. The Securities will be traded on the SGX-ST in a minimum board lot size of US\$200,000 for as long as the Securities are listed on the SGX-ST and the rules of the SGX-ST so require.
6. **Available Documents:** As long as any Securities is outstanding, copies of the following documents will be available for inspection during normal business hours at the specified office of the Principal Paying Agent at Level 30, HSBC Main Building, 1 Queen's Road Central, Hong Kong:
 - (a) articles of association (or equivalent) of the Issuer and the Guarantor;
 - (b) copies of the audited consolidated financial statements of the Guarantor for the year ended 31 December 2015 and for the year ended 31 December 2016 and the unaudited interim consolidated financial statements of the Guarantor for the six months ended 30 June 2017;
 - (c) the Agency Agreement;
 - (d) the Trust Deed; and
 - (e) the Deed of Guarantee.

7. **Independent Auditors:** The Guarantor's consolidated financial statements for the year ended 31 December 2015 and for the year ended 31 December 2016 have been audited by E&Y, the independent auditors of the Guarantor. The original Chinese version of the Guarantor's consolidated financial statements for the six months ended 30 June 2016 and 2017 has been reviewed by E&Y, the independent auditors of the Guarantor. Such original Chinese version is incorporated by reference in this Offering Circular. The Financial Information Translations are included elsewhere in this Offering Circular.

8. **Auditor's Consent:** E&Y has given and not withdrawn its written consent to the reproduction of its audit report dated 30 March 2016 on the Guarantor's consolidated financial statements for the year ended 31 December 2015, its audit report dated 29 March 2017 on the Guarantor's consolidated financial statements for the year ended 31 December 2016 and the English translations of the original Chinese version of its review report dated 30 August 2017 on the Guarantor's consolidated financial statements for the six months ended 30 June 2017 in this Offering Circular and with references to its name in the form and context in which they appear.

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(1) Investors should note that the consolidated financial information of the Group as of and for the six months ended 30 June 2017 attached to this Offering Circular was an English translation only. The original Chinese version of all such consolidated financial statements has been incorporated by reference. See "Presentation of Financial Information."

Auditors' Review Report

Ernst & Young Hua Ming (2017) Zhuan Zi No. 60729920_B04

To the Shareholders of Weichai Power Co., Ltd.:

We have reviewed the accompanying interim financial statements of Weichai Power Co., Ltd. which comprise the consolidated and company balance sheets as at 30 June 2017, the consolidated and company income statements, statement of changes in equity and cash flow statement for January-June 2017 and notes to the financial statements. The management of Weichai Power Co., Ltd. is responsible for the preparation of these interim financial statements. Our responsibility is to issue our review report on these interim financial statements based on our review.

We conducted our review in accordance with the Review Standard for Chinese Certified Public Accountants No. 2101 Review of Financial Statements. The standard requires us to plan and conduct a review to obtain limited assurance as to whether the interim financial statements are free from material misstatement. A review is limited primarily to inquiries of company personnel and performing analytical procedures on the data. A review provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared in accordance with the requirement in Accounting Standards for Business Enterprises – No. 32.

Ernst & Young Hua Ming LLP
Beijing, PRC

Chinese Certified Public Accountant:
Jiang Weimin

Chinese Certified Public Accountant:
You Jin

30 August 2017

Weichai Power Co., Ltd.
Consolidated Balance Sheet
30 June 2017
Expressed in Renminbi Yuan

ASSETS	30 June 2017	31 December 2016
Current assets		
Cash and cash equivalents	29,882,970,357.70	27,122,981,855.33
Financial assets at fair value through profit or loss	285,619,257.60	129,296,023.50
Notes receivable	23,437,109,626.26	16,742,874,274.52
Accounts receivable	13,729,697,307.22	11,336,192,971.74
Prepayments	596,410,376.18	595,832,151.19
Interests receivable	42,025,061.49	26,284,015.32
Dividends receivable	13,892,547.20	9,711,108.40
Other receivables	1,290,472,535.01	820,998,530.88
Inventories	19,139,702,794.29	16,090,656,826.07
Non-current assets due within one year	1,615,171,632.00	1,463,427,824.40
Other current assets	2,253,047,309.10	2,067,737,279.12
Total current assets	92,286,118,804.05	76,405,992,860.47
Non-current assets		
Available-for-sale financial assets	553,818,178.91	498,384,350.11
Long-term receivables	4,383,197,008.80	4,029,736,734.00
Long-term equity investments	2,095,281,160.35	1,544,970,791.85
Investment property	597,307,034.30	608,116,592.82
Fixed assets	26,753,067,655.91	25,801,560,424.62
Construction in progress	1,191,902,286.19	1,642,494,423.73
Materials used in construction	239,316.24	-
Disposal of fixed assets	912,492.61	1,018,823.58
Intangible assets	24,857,309,488.28	25,362,976,371.96
Development expenditure	163,557,217.30	445,774,466.92
Goodwill	23,141,500,142.70	23,037,674,856.10
Long-term prepaid expenses	337,117,313.69	332,659,717.20
Deferred tax assets	4,422,667,443.00	4,019,599,412.58
Other non-current assets	268,272,622.83	259,720,703.00
Total non-current assets	88,766,149,361.11	87,584,687,668.47
Total assets	181,052,268,165.16	163,990,680,528.94

Weichai Power Co., Ltd.
Consolidated Balance Sheet (Continued)
30 June 2017
Expressed in Renminbi Yuan

LIABILITIES AND EQUITY	30 June 2017	31 December 2016
Current liabilities		
Short-term loans	6,014,421,693.20	4,771,648,754.00
Financial liabilities at fair value through profit or loss	307,262,099.54	168,670,171.20
Notes payable	8,485,425,727.17	8,758,864,180.54
Accounts payable	29,324,250,757.13	21,897,787,394.18
Advances from customers	5,567,136,919.01	4,627,211,871.86
Payroll payable	4,416,366,845.58	4,168,792,146.69
Taxes payable	2,541,376,096.47	2,065,784,483.92
Interests payable	104,725,530.07	102,059,094.81
Dividends payable	1,002,007,228.94	3,822,409.44
Other payables	7,450,196,820.82	4,998,956,643.14
Non-current liabilities due within one year	5,100,851,722.40	4,624,888,126.80
Other current liabilities	3,743,158,421.17	2,791,896,442.25
Total current liabilities	74,057,179,861.50	58,980,381,718.83
Non-current liabilities		
Long-term borrowings	20,377,517,821.05	30,216,115,691.85
Bonds payable	10,497,021,043.56	2,756,201,597.01
Long-term payables	8,423,696,740.00	7,781,235,810.40
Long-term payroll payable	8,676,644,183.68	8,574,795,194.30
Special payables	43,000,000.00	43,000,000.00
Accruals and provisions	331,488,448.80	311,033,593.20
Deferred income	2,789,808,564.19	2,574,230,514.51
Deferred tax liabilities	7,745,095,533.03	8,120,369,699.73
Other non-current liabilities	139,814,641.37	71,646,849.89
Total non-current liabilities	59,024,086,975.68	60,448,628,950.89
Total liabilities	133,081,266,837.18	119,429,010,669.72
Shareholders' equity		
Share capital	3,998,619,278.00	3,998,619,278.00
Capital reserve	64,219,258.85	30,139,859.91
Other comprehensive income	(1,049,107,748.65)	(295,101,754.34)
Special reserve	112,450,502.16	98,711,320.61
Surplus reserve	-	-
Retained earnings	29,556,288,836.37	27,905,900,916.04
Total equity attributable to the shareholders of the parent	32,682,470,126.73	31,738,269,620.22
Minority interests	15,288,531,201.25	12,823,400,239.00
Total shareholders' equity	47,971,001,327.98	44,561,669,859.22
Total liabilities and shareholders' equity	181,052,268,165.16	163,990,680,528.94

Weichai Power Co., Ltd.
Consolidated Income Statement
January to June 2017
Expressed in Renminbi Yuan

	<u>January to June 2017</u>	<u>January to June 2016</u>
		(Restated)
Revenue	72,313,265,590.11	42,561,385,767.87
Less: Cost of sales	56,987,411,183.56	32,828,282,775.13
Taxes and surcharges	373,189,991.32	144,644,235.74
Distribution and selling expenses	5,027,424,399.09	3,493,523,150.15
General and administrative expenses	4,593,093,284.43	3,770,522,575.48
Financial expenses	368,716,470.81	88,157,176.89
Impairment loss of assets	953,074,047.47	348,305,770.72
Add: Gain or loss on fair value changes	142,460,083.61	(86,225,051.26)
Investment income	135,204,722.57	82,977,065.51
<i>Incl: Investment income from associate and</i>		
<i>jointly controlled enterprises</i>	<i>120,804,392.87</i>	<i>68,609,558.56</i>
Other income	39,869,770.84	-
Operating profit	4,327,890,790.45	1,884,702,098.01
Add: Non-operating income	127,955,983.33	259,992,613.54
<i>Incl: Gain on disposal of non-current assets</i>	<i>11,064,724.33</i>	<i>12,756,663.81</i>
Less: Non-operating expenses	72,550,181.24	41,865,290.89
<i>Incl: Loss on disposal of non-current assets</i>	<i>16,097,329.24</i>	<i>7,333,106.34</i>
Total profit	4,383,296,592.54	2,102,829,420.66
Less: Income tax expense	907,205,448.79	481,655,957.09
Net profit	<u>3,476,091,143.75</u>	<u>1,621,173,463.57</u>
Net profit attributable to the shareholders		
of the parent	<u>2,650,042,739.83</u>	<u>1,071,175,304.71</u>
Minority interests	<u>826,048,403.92</u>	<u>549,998,158.86</u>

Weichai Power Co., Ltd.
Consolidated Cash Flow Statement
January to June 2017
Expressed in Renminbi Yuan

	<u>January to June 2017</u>	<u>January to June 2016</u> (restated)
I. CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from sales of goods or rendering of services . . .	56,500,209,608.67	34,144,229,570.80
Refunds of taxes	144,515,582.89	140,680,417.31
Other cash received relating to operating activities	496,159,099.51	504,287,332.60
Subtotal of cash inflows from operating activities	<u>57,140,884,291.07</u>	<u>34,789,197,320.71</u>
Cash paid for goods and services	32,423,330,883.44	19,052,007,835.94
Cash paid to and on behalf of employees	12,037,011,635.38	8,024,064,590.36
Cash paid for all types of taxes	3,735,901,725.23	1,934,763,055.11
Other cash paid relating to operating activities	4,178,852,633.78	3,713,198,046.43
Subtotal of cash outflows from operating activities	<u>52,375,096,877.83</u>	<u>32,724,033,527.84</u>
Net cash flows from operating activities	<u>4,765,787,413.24</u>	<u>2,065,163,792.87</u>
II. CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from sale of investments	2,276,000,000.00	331,000,403.00
Cash received from return on investments	77,909,801.10	53,423,333.38
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	21,558,169.23	366,979,582.66
Other cash received relating to investing activities	20,020,630.05	63,842,608.75
Subtotal of cash inflows from investing activities	<u>2,395,488,600.38</u>	<u>815,245,927.79</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,091,604,785.74	2,134,964,891.82
Cash paid for acquisition of investments	2,707,782,338.86	1,053,023,294.00
Net cash paid for acquisition of subsidiaries and other business units	-	198,252,189.60
Net cash paid for disposal of subsidiaries and other business units	-	37,959,549.54
Other cash paid relating to investing activities	128,257,290.00	11,888,997.23
Subtotal of cash outflows from investing activities	<u>3,927,644,414.60</u>	<u>3,436,088,922.19</u>
Net cash flows from investing activities	<u>(1,532,155,814.22)</u>	<u>(2,620,842,994.40)</u>

Weichai Power Co., Ltd.
Consolidated Cash Flow Statement (Continued)
January to June 2017
Expressed in Renminbi Yuan

	<u>January to June 2017</u>	<u>January to June 2016</u> (restated)
III. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from capital contributions	2,658,322,964.98	5,845,418.38
<i>Incl: Cash received by subsidiaries from capital contributions of minority owners</i>	<i>2,658,322,964.98</i>	<i>5,845,418.38</i>
Cash received from borrowings	16,854,499,975.50	12,160,939,710.00
Other cash received relating to financing activities	30,899,704.50	99,191,627.95
Subtotal of cash inflows from financing activities	<u>19,543,722,644.98</u>	<u>12,265,976,756.33</u>
Cash repayments of borrowings	19,494,866,102.50	9,578,118,858.66
Cash paid for distribution of dividends or profits and for interest expenses	<i>933,077,403.27</i>	<i>979,551,384.97</i>
<i>Incl: Cash paid to minority owners for distribution of dividends or profits by subsidiaries</i>	<i>393,894,446.62</i>	<i>359,136,161.46</i>
Other cash paid relating to financing activities	504,607,023.13	69,930,112.63
Subtotal of cash outflows from financing activities	<u>20,932,550,528.90</u>	<u>10,627,600,356.26</u>
Net cash flows from financing activities	<u>(1,388,827,883.92)</u>	<u>1,638,376,400.07</u>
IV. EFFECT OF CHANGES IN EXCHANGE RATE ON CASH	<u>(64,645,935.26)</u>	<u>62,344,801.22</u>
V. NET INCREASE IN CASH AND CASH EQUIVALENTS	1,780,157,779.84	1,145,041,999.76
Add: Cash and cash equivalents at beginning of period	<u>21,598,831,905.22</u>	<u>21,154,657,664.43</u>
VI. CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>23,378,989,685.06</u></u>	<u><u>22,299,699,664.19</u></u>



Ernst & Young Hua Ming (2017) Shen Zi No. 60729920_B01

安永華明(2017)審字第60729920_B01號

To the shareholders of Weichai Power Co., Ltd.

濰柴動力股份有限公司全體股東：

(I) OPINION

We have audited the financial statements of Weichai Power Co., Ltd. (the "Company"), which comprise the consolidated and the Company's balance sheets as at 31 December 2016, and the consolidated and the Company's income statements, the consolidated and the Company's statements of changes in shareholders' equity and the consolidated and the Company's statements of cash flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and the Company's financial position as at 31 December 2016, and the consolidated and the Company's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises ("ASBEs").

(II) BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with China Code of Ethics for Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(III) KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

一、審計意見

我們審計了濰柴動力股份有限公司的財務報表，包括2016年12月31日的合併及公司的資產負債表，2016年度合併及公司利潤表、股東權益變動表和現金流量表以及相關財務報表附註。

我們認為，後附的濰柴動力股份有限公司的財務報表在所有重大方面按照企業會計準則的規定編製，公允反映了濰柴動力股份有限公司2016年12月31日的合併及公司的財務狀況以及2016年度的合併及公司的經營成果和現金流量。

二、形成審計意見的基礎

我們按照中國註冊會計師審計準則的規定執行了審計工作。審計報告的「註冊會計師對財務報表審計的責任」部分進一步闡述了我們在這些準則下的責任。按照中國註冊會計師職業道德守則，我們獨立於濰柴動力股份有限公司，並履行了職業道德方面的其他責任。我們相信，我們獲取的審計證據是充分、適當的，為發表審計意見提供了基礎。

三、關鍵審計事項

關鍵審計事項是我們根據職業判斷，認為對本期財務報表審計最為重要的事項。這些事項的應對以對財務報表整體進行審計並形成審計意見為背景，我們不對這些事項單獨發表意見。我們對下述每一事項在審計中是如何應對的描述也以此為背景。

Ernst & Young Hua Ming (2017) Shen Zi No. 60729920_B01

安永華明(2017)審字第60729920_B01號

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

我們已經履行了本報告「註冊會計師對財務報表審計的責任」部分闡述的責任，包括與這些關鍵審計事項相關的責任。相應地，我們的審計工作包括執行為應對評估的財務報表重大錯報風險而設計的審計程序。我們執行審計程序的結果，包括應對下述關鍵審計事項所執行的程序，為財務報表整體發表審計意見提供了基礎。

Key audit matter**關鍵審計事項：**

Bad debt provision for accounts receivable
應收賬款壞賬準備

As at 31 December 2016, the gross carrying amount of accounts receivable in the consolidated financial statements was RMB12,480,250,939.76, and the gross bad debt provision amounted to RMB1,144,057,968.02. Receivables which are individually significant and receivables which are not individually significant but there is objective evidence indicating impairment are individually assessed by the management for impairment. Bad debt provision is made based on the shortfall of the present value of future cash flow as compared to its carrying amount. Other than receivables for which provision for bad debts has been recognized individually, provision for bad debt is recognized by group based on the actual loss rate of identical or similar group in prior year or with similar distinctive credit risk characteristics, taking into account the current situation. Calculation of the recoverable amount of accounts receivable requires judgments and estimate to be made by the management.

Disclosures of accounts receivable and bad debt provision are set out in Note III.10 and Note V.4 to the financial statements.

於2016年12月31日，合併財務報表中應收賬款賬面餘額為人民幣12,480,250,939.76元，壞賬準備餘額為人民幣1,144,057,968.02元。管理層對單項金額重大的應收款項和單項金額不重大但存在客觀證據表明發生減值的應收賬款單獨進行減值測試，根據其未來現金流量現值低於其賬面價值的差額，計提壞賬準備；除已單獨計提壞賬準備的應收款項外，根據以前年度與之相同或相類似的、具有類似信用風險特徵的應收款項組合的實際損失率為基礎，結合現時情況確定應計提的壞賬準備。應收賬款可收回金額的計算需要管理層的判斷和估計。

財務報表對應收賬款及壞賬準備的披露請參見附註三、10及附註五、4。

How our audit addressed the key audit matter**該事項在審計中是如何應對：**

Our procedures in relation to this as part of our audit included:

For accounts receivable which are individually significant, we reviewed, on a sampling basis, the bases upon which the recoverable amounts were arrived at by the management, including the management's assessment of the credit risks of customers taking into account the business operation of the respective customers, market conditions and historical repayment etc;

For receivables for which provision for bad debt is recognized by group with similar distinctive credit risk characteristics, we reviewed the management's determination of the group with similar distinctive credit risk characteristics and reviewed, on a sampling basis, key information including the age of the receivables and number of overdue days.

We examined the calculation made by the management in arriving at the bad debt provision for receivables.

在審計中，我們執行了以下程序：

對於單項金額重大的應收賬款，我們抽樣覆核了管理層計算可收回金額的依據，包括管理層結合客戶經營情況、市場環境、歷史還款情況等對客戶信用風險作出的評估；

對於按照信用風險特徵組合計提壞賬的應收賬款，我們覆核了管理層對於信用風險特徵組合的設定，並抽樣覆核了賬齡、逾期天數等關鍵信息。

我們檢查了管理層對於應收賬款壞賬準備的計算。

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安永華明(2017)審字第60729920_B01號

Key audit matter

關鍵審計事項：

Inventory provision
存貨跌價準備

As at 31 December 2016, the gross carrying amount of inventories in the consolidated financial statements was RMB16,756,987,771.58, and the gross bad debt provision amounted to RMB666,330,945.51. At the balance sheet date, inventories are measured at the lower of cost and net realizable value. The management's judgments and estimates are required for determining the inventory provision on the basis of clear evidence and taking into account the purpose of holding the inventories, effect of subsequent events and other factors. The difference between the actual outcome and original estimate will affect the carrying amount of inventories during the estimated revision period.

Disclosures of provision for decline in value of inventories are set out in Note III.11 and Note V.9 to the financial statements.

於2016年12月31日，合併財務報表中存貨賬面餘額為人民幣16,756,987,771.58元，存貨跌價準備餘額為人民幣666,330,945.51元。於資產負債表日，存貨按照成本與可變現淨值孰低計量，確定存貨跌價準備需要管理層在取得確鑿證據的基礎上，考慮持有存貨的目的、資產負債表日後事項的影響等因素作出判斷和估計，實際的結果與原先估計的差異將在估計被改變的期間影響存貨的賬面價值。

財務報表對存貨跌價準備的披露請參見附註三、11及附註五、9。

How our audit addressed the key audit matter

該事項在審計中是如何應對：

Our procedures in relation to this as part of our audit included:

We checked the age and turnover of inventories;

We checked the approach adopted by the management in assessing inventory provision;

We compared the net realizable value, which were determined as the selling price net of sales rebate, cost estimated to be incurred up to completion, estimated selling expenses and tax, to the carrying cost to identify the higher one;

We examined the calculation made by the management in arriving at the inventory provision.

在審計中，我們執行了以下程序：

我們覆核了存貨的庫齡及周轉情況；

我們覆核了管理層計提存貨跌價準備的方法；

我們比較了銷售價格扣除銷售返利、至完工時估計將要發生的成本、估計的銷售費用及稅金等後的可變現淨值與賬面成本孰高；

我們檢查了管理層對於存貨跌價準備的計算。

Ernst & Young Hua Ming (2017) Shen Zi No. 60729920_B01

安永華明(2017)審字第60729920_B01號

Key audit matter

關鍵審計事項：

How our audit addressed the key audit matter

該事項在審計中是如何應對：

Assessment for impairment of goodwill and trademark rights with an indefinite useful life

商譽及使用壽命不確定的商標使用權減值測試

As at 31 December 2016, the gross carrying amount of goodwill in the consolidated financial statements was RMB23,037,674,856.10, and the gross amount of trademark rights with an indefinite useful life was RMB7,257,195,408.80. Goodwill and intangible assets with an indefinite useful life shall be tested for impairment every year, irrespective of whether there is any indication that the asset may be impaired. The test for impairment of goodwill and trademark rights with an indefinite useful life involves complicated procedures and the management's selection and adoption of key parameters including estimation of future market and economic conditions, discount rate, long-term average growth rate etc.

Disclosures of assessment for impairment of goodwill and trademark rights with an indefinite useful life are set out in Note III.18 and III.19 and Note V.20 to the financial statements.

於2016年12月31日，合併財務報表中商譽賬面餘額為人民幣23,037,674,856.10元，使用壽命不確定的商標使用權餘額為人民幣7,257,195,408.80元。商譽和使用壽命不確定的無形資產，無論是否存在減值蹟象，每年都應當進行減值測試。商譽和使用壽命不確定的商標使用權減值測試流程複雜，涉及管理層對未來市場和經濟環境的估計及折現率、長期平均增長率等關鍵參數的選用。

財務報表對商譽及使用壽命不確定的商標使用權減值測試的披露請參見附註三、18、19及附註五、20。

Our procedures in relation to this as part of our audit included:

We examined the management's forecast of future cashflow and its calculation of the present value of future cashflow;

We took into account the actual operation of the asset groups or sets of asset groups and market analysis to review cashflow forecast;

We engaged valuation specialists for assisting in the review of valuation approaches, models and key parameters;

We checked the disclosures of assessment for impairment of goodwill and trademark rights with an indefinite useful life in the financial statements.

在審計中，我們執行了以下審計程序：

我們檢查了管理層對於未來現金流量的預測及未來現金流量現值的計算；

我們結合資產組及資產組組合的實際經營以及對於市場的分析覆核了現金流量預測；

我們引入了估值專家協助覆核了估值方法、模型和關鍵參數；

我們覆核了財務報表中對於商譽及使用壽命不確定的商標使用權減值測試的披露。

Ernst & Young Hua Ming (2017) Shen Zi No. 60729920_B01

安永華明(2017)審字第60729920_B01號

Key audit matter

關鍵審計事項：

Business of leasing of forklift trucks

叉車租賃業務

Leasing of forklift trucks is a principal business segment of KION GROUP AG, a subsidiary of Weichai Power Co., Ltd. The forklift trucks leasing business of KION GROUP AG primarily include 3 categories: direct leasing, sale and leaseback sub-leases and sale with risk. The categorization of leasing business and the recognition of revenue from the business of sale with risk involves judgments. The accounting treatment becomes complicated for the various categories of leasing business.

For policies on forklift trucks leasing business, please refer to Note III.15 to the financial statements. For disclosures of forklift trucks leasing business, please refer to Notes V.13, 16 and 38 and Note XIV.

叉車租賃業務為濰柴動力股份有限公司之子公司KION GROUP AG的主要業務，KION GROUP AG的叉車租賃業務主要有3類：直接租賃、售後租回再轉租、保留風險銷售。租賃業務的分類、保留風險銷售業務的收入確認均涉及判斷，不同類別的租賃業務的會計處理較為複雜。

財務報表對叉車租賃業務的政策請參見附註三、15；對叉車租賃業務的披露請參見附註五、13、16、38及附註十四。

How our audit addressed the key audit matter

該事項在審計中是如何應對：

Our procedures in relation to this as part of our audit included:

For the workflow of forklift trucks leasing business, we understood and tested the internal control processes, including the engagement of information technology specialists for testing the internal control of the system of forklift trucks leasing business;

We performed test of details on a sampling basis, including the examination of whether the relevant data available from the system of forklift trucks leasing business agreed to the original invoices, evaluated the judgments made by the management on the categorization of leases, re-calculated the booked amounts of relevant assets and liabilities etc.;

We performed confirmation procedures as well as cut-off procedures.

在審計中，我們執行了以下審計程序：

我們對叉車租賃業務流程執行了內部控制流程的了解和測試，包括引入信息技術專家對叉車租賃業務系統的內部控制進行測試；

我們抽取樣本進行了細節測試，包括檢查叉車租賃業務系統中的相關數據與原始單據是否一致、評價管理層對於租賃分類等的判斷、重新計算相關資產和負債入帳金額等；

我們執行了函證程序，並檢查了租賃業務收入確認的歸屬期間。

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(IV) OTHER INFORMATION

The management of the Company is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

(V) RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

四、其他信息

濰柴動力股份有限公司管理層(以下簡稱管理層)對其他信息負責。其他信息包括年度報告中涵蓋的信息,但不包括財務報表和我們的審計報告。

我們對財務報表發表的審計意見不涵蓋其他信息,我們也不對其他信息發表任何形式的鑒證結論。

結合我們對財務報表的審計,我們的責任是閱讀其他信息,在此過程中,考慮其他信息是否與財務報表或我們在審計過程中瞭解到的情況存在重大不一致或者似乎存在重大錯報。

基於我們已執行的工作,如果我們確定其他信息存在重大錯報,我們應當報告該事實。在這方面,我們無任何事項需要報告。

五、管理層和治理層對財務報表的責任

管理層負責按照企業會計準則的規定編製財務報表,使其實現公允反映,並設計、執行和維護必要的內部控制,以使財務報表不存在由於舞弊或錯誤導致的重大錯報。

在編製財務報表時,管理層負責評估濰柴動力股份有限公司的持續經營能力,披露與持續經營相關的事項(如適用),並運用持續經營假設,除非計劃進行清算、終止運營或別無其他現實的選擇。

治理層負責監督濰柴動力股份有限公司的財務報告過程。

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(VI) AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

六、註冊會計師對財務報表審計的責任

我們的目標是對財務報表整體是否不存在由於舞弊或錯誤導致的重大錯報獲取合理保證，並出具包含審計意見的審計報告。合理保證是高水平的保證，但並不能保證按照審計準則執行的審計在某一重大錯報存在時總能發現。錯報可能由於舞弊或錯誤導致，如果合理預期錯報單獨或匯總起來可能影響財務報表使用者依據財務報表作出的經濟決策，則通常認為錯報是重大的。

在按照審計準則執行審計工作的過程中，我們運用職業判斷，並保持職業懷疑。同時，我們也執行以下工作：

- (1) 識別和評估由於舞弊或錯誤導致的財務報表重大錯報風險，設計和實施審計程序以應對這些風險，並獲取充分、適當的審計證據，作為發表審計意見的基礎。由於舞弊可能涉及串通、偽造、故意遺漏、虛假陳述或凌駕於內部控制之上，未能發現由於舞弊導致的重大錯報的風險高於未能發現由於錯誤導致的重大錯報的風險。
- (2) 了解與審計相關的內部控制，以設計恰當的審計程序，但目的並非對內部控制的有效性發表意見。
- (3) 評價管理層選用會計政策的恰當性和作出會計估計及相關披露的合理性。

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- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- (4) 對管理層使用持續經營假設的恰當性得出結論。同時，根據獲取的審計證據，就可能導致對濰柴動力股份有限公司持續經營能力產生重大疑慮的事項或情況是否存在重大不確定性得出結論。如果我們得出結論認為存在重大不確定性，審計準則要求我們在審計報告中提請報表使用者注意財務報表中的相關披露；如果披露不充分，我們應當發表非無保留意見。我們的結論基於截至審計報告日可獲得的信息。然而，未來的事項或情況可能導致濰柴動力股份有限公司不能持續經營。
- (5) 評價財務報表的總體列報、結構和內容(包括披露)，並評價財務報表是否公允反映相關交易和事項。
- (6) 就濰柴動力股份有限公司中實體或業務活動的財務信息獲取充分、適當的審計證據，以對財務報表發表審計意見。我們負責指導、監督和執行集團審計，並對審計意見承擔全部責任。

我們與治理層就計劃的審計範圍、時間安排和重大審計發現等事項進行溝通，包括溝通我們在審計中識別出的值得關注的內部控制缺陷。

我們還就已遵守與獨立性相關的職業道德要求向治理層提供聲明，並與治理層溝通可能被合理認為影響我們獨立性的所有關係和其他事項，以及相關的防範措施(如適用)。

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

從與治理層溝通的事項中，我們確定哪些事項對本期財務報表審計最為重要，因而構成關鍵審計事項。我們在審計報告中描述這些事項，除非法律法規禁止公開披露這些事項，或在極少數情形下，如果合理預期在審計報告中溝通某事項造成的負面後果超過在公眾利益方面產生的益處，我們確定不應在審計報告中溝通該事項。

Ernst & Young Hua Ming LLP

Beijing, the People's Republic of China

Chinese Certified Public Accountant:

Zhang Fei (Engagement partner)

Chinese Certified Public Accountant:

You Jin

29 March 2017

安永華明會計師事務所(特殊普通合夥)

中國北京

中國註冊會計師：

張飛(項目合夥人)

中國註冊會計師：

游瑾

2017年3月29日

CONSOLIDATED BALANCE SHEET

31 December 2016 (Expressed in Renminbi Yuan)

合併資產負債表

2016年12月31日(人民幣元)

ASSETS	資產	Note V 附註五	31 December 2016 2016年12月31日	31 December 2015 2015年12月31日 (Restated) (經重述)
Current assets	流動資產			
Cash and cash equivalents	貨幣資金	1	27,122,981,855.33	24,856,509,077.48
Financial assets at fair value through profit or loss	以公允價值計量且其變動計入當期損益的金融資產	2	129,296,023.50	37,867,082.40
Notes receivable	應收票據	3	16,742,874,274.52	9,276,190,961.12
Accounts receivable	應收賬款	4	11,336,192,971.74	9,001,693,158.45
Prepayments	預付款項	5	595,832,151.19	401,700,805.42
Interests receivable	應收利息	6	26,284,015.32	53,906,611.07
Dividends receivable	應收股利	7	9,711,108.40	6,480,000.00
Other receivables	其他應收款	8	820,998,530.88	811,009,942.53
Inventories	存貨	9	16,090,656,826.07	11,922,625,796.59
Non-current assets due within one year	一年內到期的非流動資產	10	1,463,427,824.40	1,289,424,886.40
Other current assets	其他流動資產	11	2,067,737,279.12	970,236,409.05
Total current assets	流動資產合計		76,405,992,860.47	58,627,644,730.51
Non-current assets	非流動資產			
Available-for-sale financial assets	可供出售金融資產	12	498,384,350.11	650,293,280.51
Long-term receivables	長期應收款	13	4,029,736,734.00	3,348,884,733.60
Long-term equity investments	長期股權投資	14	1,544,970,791.85	1,447,150,166.18
Investment property	投資性房地產	15	608,116,592.82	588,890,842.52
Fixed assets	固定資產	16	25,801,560,424.62	23,737,017,780.62
Construction in progress	在建工程	17	1,642,494,423.73	2,589,664,963.45
Materials used in construction	工程物資		-	1,200.00
Disposal of fixed assets	固定資產清理		1,018,823.58	1,846,883.91
Intangible assets	無形資產	18	25,362,976,371.96	12,866,967,462.34
Development expenditure	開發支出	19	445,774,466.92	466,068,766.97
Goodwill	商譽	20	23,037,674,856.10	7,786,251,491.45
Long-term prepaid expenses	長期待攤費用	21	332,659,717.20	314,381,969.58
Deferred tax assets	遞延所得稅資產	22	4,019,599,412.58	3,166,825,133.09
Other non-current assets	其他非流動資產	23	259,720,703.00	248,554,796.59
Total non-current assets	非流動資產合計		87,584,687,668.47	57,212,799,470.81
Total assets	資產總計		163,990,680,528.94	115,840,444,201.32

The financial statements have been signed by:

本財務報表由以下人士簽署：

Legal Representative:

法定代表人：

Tan Xuguang

譚旭光

Principal in charge of accounting:

主管會計工作負責人：

Kwong Kwan Tong

鄭焜堂

Head of accounting department:

會計機構負責人：

Li Xia

李霞

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2016 (Expressed in Renminbi Yuan)

合併資產負債表(續)

2016年12月31日(人民幣元)

LIABILITIES AND EQUITY	負債和股東權益	Note V 附註五	31 December 2016 2016年12月31日	31 December 2015 2015年12月31日 (Restated) (經重述)
Current liabilities	流動負債			
Short-term loans	短期借款	24	4,771,648,754.00	2,961,108,213.46
Financial liabilities at fair value through profit or loss	以公允價值計量且其變動 計入當期損益的 金融負債	25	168,670,171.20	92,014,803.10
Notes payable	應付票據	26	8,758,864,180.54	5,520,153,136.02
Accounts payable	應付帳款	27	21,897,787,394.18	14,702,630,179.02
Advances from customers	預收款項	28	4,627,211,871.86	1,629,901,698.66
Payroll payable	應付職工薪酬	29	4,168,792,146.69	3,147,253,190.63
Taxes payable	應交稅費	30	2,065,784,483.92	1,244,878,351.51
Interests payable	應付利息	31	102,059,094.81	208,738,518.56
Dividends payable	應付股利	32	3,822,409.44	5,129,313.52
Other payables	其他應付款	33	4,998,956,643.14	3,849,888,402.26
Non-current liabilities due within one year	一年內到期的非流動負債	34	4,624,888,126.80	5,246,338,509.59
Other current liabilities	其他流動負債	35	2,791,896,442.25	2,018,326,655.18
Total current liabilities	流動負債合計		58,980,381,718.83	40,626,360,971.51
Non-current liabilities	非流動負債			
Long-term borrowings	長期借款	36	30,216,115,691.85	7,283,743,346.45
Bonds payable	應付債券	37	2,756,201,597.01	5,985,529,194.60
Long-term payables	長期應付款	38	7,781,235,810.40	6,604,099,856.80
Long-term payroll payable	長期應付職工薪酬	39	8,574,795,194.30	6,928,175,204.92
Special payables	專項應付款	40	43,000,000.00	43,000,000.00
Provision	預計負債	41	311,033,593.20	286,177,796.80
Deferred income	遞延收益	42	2,574,230,514.51	2,279,402,483.75
Deferred tax liabilities	遞延所得稅負債	22	8,120,369,699.73	3,825,631,719.50
Other non-current liabilities	其他非流動負債		71,646,849.89	41,337,675.89
Total non-current liabilities	非流動負債合計		60,448,628,950.89	33,277,097,278.71
Total liabilities	負債總計		119,429,010,669.72	73,903,458,250.22

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Kwong Kwan Tong

鄭焜堂

Head of accounting department:

會計機構負責人：

Li Xia

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CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2016 (Expressed in Renminbi Yuan)

合併資產負債表(續)

2016年12月31日(人民幣元)

LIABILITIES AND EQUITY	負債和股東權益	Note V 附註五	31 December 2016 2016年12月31日	31 December 2015 2015年12月31日 (Restated) (經重述)
Shareholders' equity	股東權益			
Share capital	股本	43	3,998,619,278.00	3,998,619,278.00
Capital reserve	資本公積	44	30,139,859.91	226,885,258.23
Other comprehensive income	其他綜合收益	45	(295,101,754.34)	(502,508,673.78)
Special reserve	專項儲備	46	98,711,320.61	78,839,437.56
Surplus reserve	盈餘公積	47	-	1,207,988,900.22
Retained earnings	未分配利潤	48	27,905,900,916.04	26,930,133,835.41
Total equity attributable to the shareholders of the parent	歸屬於母公司股東權益合計		31,738,269,620.22	31,939,958,035.64
Minority interests	少數股東權益		12,823,400,239.00	9,997,027,915.46
Total shareholders' equity	股東權益合計		44,561,669,859.22	41,936,985,951.10
Total liabilities and shareholders' equity	負債和股東權益總計		163,990,680,528.94	115,840,444,201.32

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CONSOLIDATED INCOME STATEMENT

Year 2016 (Expressed in Renminbi Yuan)

合併利潤表

2016年度(人民幣元)

		Note V 附註五	2016 2016年	2015 2015年 (Restated) (經重述)
Revenue	營業收入	49	93,183,521,384.54	74,167,740,555.91
Less: Cost of sales	減：營業成本	49	72,099,983,058.63	57,063,786,786.20
Taxes and surcharges	稅金及附加	50	450,858,197.34	188,297,189.12
Distribution and selling expenses	銷售費用	51	7,644,628,984.86	6,275,023,707.69
General and administrative expenses	管理費用	52	7,651,679,576.71	7,231,256,933.62
Finance expenses	財務費用	53	198,822,884.84	482,143,084.06
Impairment loss of assets	資產減值損失	54	984,410,371.57	396,214,578.87
Add: Gain or loss on change of fair value	加：公允價值變動損益	55	(155,320,838.99)	(23,353,073.10)
Investment income	投資收益	56	120,490,092.49	114,954,618.74
Incl: investment income from associates and jointly controlled enterprises	其中：對聯營企業和合營企業的投資收益		87,250,957.31	32,180,889.65
Operating profit	營業利潤		4,118,307,564.09	2,622,619,821.99
Add: Non-operating income	加：營業外收入	57	671,096,042.91	693,782,715.39
Incl: Gain on disposal of non-current assets	其中：非流動資產處置利得		29,761,449.98	66,967,177.83
Less: Non-operating expenses	減：營業外支出	58	151,756,835.56	190,500,931.90
Incl: Loss on disposal of non-current assets	其中：非流動資產處置損失		37,485,076.20	26,439,247.59
Total profit	利潤總額	59	4,637,646,771.44	3,125,901,605.48
Less: Income tax expenses	減：所得稅費用	60	1,041,393,120.17	927,787,531.09
Net profit	淨利潤		3,596,253,651.27	2,198,114,074.39
Incl: Net profit of the party being absorbed before business combinations involving entities under common control	其中：同一控制下企業合併中被合併方合併前淨利潤		39,349,153.82	35,266,773.68
Net profit attributable to the shareholders of the parent	歸屬於母公司股東的淨利潤		2,441,188,631.73	1,412,273,295.73
Minority interests	少數股東損益		1,155,065,019.54	785,840,778.66

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鄭焜堂

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CONSOLIDATED INCOME STATEMENT (CONTINUED)

Year 2016 (Expressed in Renminbi Yuan)

合併利潤表(續)

2016年度(人民幣元)

		Note V 附註五	2016 2016年	2015 2015年 (Restated) (經重述)
Net other comprehensive income after tax	其他綜合收益的稅後淨額			
Net other comprehensive income attributable to shareholders of the parent after tax	歸屬於母公司股東的其他綜合收益的稅後淨額		207,406,919.44	(114,022,771.09)
Those other comprehensive income not to be reclassified into profit or loss in subsequent periods	以後不能重分類進損益的其他綜合收益			
Changes arising from re-measuring net assets or net liabilities of defined benefit plan	重新計量設定受益計劃淨負債或淨資產的變動		(148,713,028.38)	18,752,496.53
Share of investee's other comprehensive income not to be reclassified into profit or loss using the equity method	權益法下在被投資單位不能重分類進損益的其他綜合收益中所享有的份額		(928,656.44)	5,240,567.93
Those other comprehensive income to be reclassified into profit or loss	以後將重分類進損益的其他綜合收益			
Share of investee's other comprehensive income to be reclassified into profit or loss using the equity method	權益法下在被投資單位將重分類進損益的其他綜合收益中所享有的份額		518,499.84	7,779,405.56
Change of fair value of available-for-sale financial assets	可供出售金融資產公允價值變動		(5,100,000.00)	2,380,000.00
Effective portion of cashflow from hedging instrument	現金流量套期工具的有效部分		(65,203,170.22)	10,823,089.03
Exchange differences on foreign currency translation	外幣財務報表折算差額		426,833,274.64	(158,998,330.14)
Net other comprehensive income attributable to minority owners after tax	歸屬於少數股東的其他綜合收益的稅後淨額		304,116,926.73	(15,335,441.49)
Total comprehensive income	綜合收益總額		4,107,777,497.44	2,068,755,861.81
Incl:	其中:			
Total comprehensive income attributable to the shareholders of the parent	歸屬於母公司股東的綜合收益總額		2,648,595,551.17	1,298,250,524.64
Total comprehensive income attributable to minority owners	歸屬於少數股東的綜合收益總額		1,459,181,946.27	770,505,337.17
Earnings per share	每股收益	61		
Basic earnings per share	基本每股收益		0.61元	0.35元
Diluted earnings per share	稀釋每股收益		0.61元	0.35元

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鄺焜堂

Head of accounting department:

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year 2016 (Expressed in Renminbi Yuan)

合併股東權益變動表

2016年度(人民幣元)

2016

2016年

	Note V 附註五	Equity attributable to shareholders of the parent 歸屬於母公司股東權益								Total equity 股東權益合計
		Share capital 股本	Capital reserve 資本公積	Other comprehensive income 其他綜合收益	Special reserve 專項儲備	Surplus reserve 盈餘公積	Retained earnings 未分配利潤	Subtotal 小計	Minority interests 少數股東權益	
I. At end of previous year	一、上年年末餘額	3,998,619,278.00	27,883,109.16	(502,508,673.78)	78,839,437.56	1,207,988,900.22	26,918,633,619.95	31,729,455,671.11	9,997,027,915.46	41,726,483,586.57
Add: Business combination under common control	加：同一控制下企業合併	-	199,002,149.07	-	-	-	11,500,215.46	210,502,364.53	-	210,502,364.53
II. At beginning of year	二、本年年初餘額	3,998,619,278.00	226,885,258.23	(502,508,673.78)	78,839,437.56	1,207,988,900.22	26,930,133,835.41	31,939,958,035.64	9,997,027,915.46	41,936,985,951.10
III. Movements in current year	三、本年增減變動金額									
(I) Total comprehensive income	(一) 綜合收益總額	-	-	207,406,919.44	-	-	2,441,188,631.73	2,648,595,551.17	1,459,181,946.27	4,107,777,497.44
(II) Injection and reduction	(二) 股東投入和減少資本									
1. Injection	1. 股東投入資本	-	-	-	-	(608,724,079.00)	-	(608,724,079.00)	2,036,328,436.95	1,427,604,357.95
2. Amount of share-based payment taken to owners' equity	2. 股份支付計入股東權益的金額	44	2,227,503.62	-	-	-	-	2,227,503.62	3,109,604.78	5,337,108.40
3. Business combination under common control	3. 同一控制下企業合併	44	(207,149,912.24)	-	-	-	(43,674,598.77)	(250,824,511.01)	-	(250,824,511.01)
4. Acquisition and disposal of shares in subsidiaries and others	4. 增持、減持子公司股份及其他	-	8,177,010.30	-	-	(898,015,507.89)	(315,339,460.43)	(1,205,177,958.02)	(106,768,289.01)	(1,311,946,247.03)
(III) Profit appropriation	(三) 利潤分配									
1. Appropriation to surplus reserve	1. 提取盈餘公積	44	-	-	-	298,750,686.67	(298,750,686.67)	-	-	-
2. Distribution to owners	2. 對股東的分配	48	-	-	-	-	(799,723,855.60)	(799,723,855.60)	(572,366,276.98)	(1,372,090,132.58)
3. Appropriation to existing shareholders prior to the date of business combination under common control	3. 同一控制下企業合併日前向原股東的分配	-	-	-	-	-	(7,001,600.00)	(7,001,600.00)	-	(7,001,600.00)
4. Appropriation to staff benefit fund	4. 提取職工福利基金	-	-	-	-	-	(931,349.63)	(931,349.63)	(310,449.88)	(1,241,799.51)
(IV) Special reserve	(四) 專項儲備									
1. Appropriation during the year	1. 本年提取	46	-	-	46,796,631.92	-	-	46,796,631.92	23,303,068.27	70,099,700.19
2. Used during the year	2. 本年使用	46	-	-	(26,924,748.87)	-	-	(26,924,748.87)	(16,105,716.86)	(43,030,465.73)
IV. At end of year	四、本年年末餘額	3,998,619,278.00	30,139,859.91	(295,101,754.34)	98,711,320.61	-	27,905,900,916.04	31,738,269,620.22	12,823,400,239.00	44,561,669,859.22

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
Year 2016 (Expressed in Renminbi Yuan)

合併股東權益變動表(續)
2016年度(人民幣元)

2015

2015年

		Equity attributable to shareholders of the parent 歸屬於母公司股東權益								
		Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal	Minority interests	Total equity
		股本	資本公積	其他綜合收益	專項儲備	盈餘公積	未分配利潤	小計	少數股東權益	股東權益合計
	Note V 附註五									
I.	At end of previous year	1,999,309,639.00	1,288,252,938.51	(388,485,902.69)	51,026,772.11	3,051,742,591.19	26,397,531,915.03	32,399,377,953.15	9,542,510,380.18	41,941,888,333.33
Add:	Business combination under common control	-	96,667,953.47	-	-	-	(10,196,139.04)	86,471,814.43	86,471,814.42	172,943,628.85
II.	At beginning of year	1,999,309,639.00	1,384,920,891.98	(388,485,902.69)	51,026,772.11	3,051,742,591.19	26,387,335,775.99	32,485,849,767.58	9,628,982,194.60	42,114,831,962.18
III.	Movements in current year									
(I)	Total comprehensive income	-	-	(114,022,771.09)	-	-	1,412,273,295.73	1,298,250,524.64	770,505,337.17	2,068,755,861.81
(II)	Injection and reduction									
1.	Injection	-	-	-	-	-	-	-	152,721,584.46	152,721,584.46
2.	Business combination under common control	-	2,118,791.49	-	-	-	-	2,118,791.49	-	2,118,791.49
3.	Amount of share-based payment taken to owners' equity	44	985,150.78	-	-	-	-	985,150.78	1,590,406.82	2,575,557.60
4.	Acquisition of minority interests	44	(1,161,523,051.27)	-	-	(13,280,862.82)	(1,174,803,914.09)	(46,053,242.04)	(46,053,242.04)	(1,220,857,156.13)
5.	Disposal of minority interests	-	-	-	-	-	-	-	(79,045,948.65)	(79,045,948.65)
6.	Others	-	383,475.25	-	-	-	-	383,475.25	(73,161.89)	310,313.36
(III)	Profit appropriation									
1.	Appropriation to surplus reserve	-	-	-	-	168,836,810.85	(168,836,810.85)	-	-	-
2.	Distribution to owners	48	-	-	-	-	(699,758,373.65)	(699,758,373.65)	(441,420,241.88)	(1,141,178,615.53)
3.	Appropriation to staff benefit fund	-	-	-	-	-	(880,051.81)	(880,051.81)	(293,350.60)	(1,173,402.41)
(IV)	Internal transfer of owners' equity									
1.	Capitalization of surplus reserve	1,999,309,639.00	-	-	-	(1,999,309,639.00)	-	-	-	-
(V)	Special reserve									
1.	Appropriation during the year	46	-	-	78,605,603.31	-	-	78,605,603.31	32,449,826.23	111,055,429.54
2.	Used during the year	46	-	-	(50,792,937.86)	-	-	(50,792,937.86)	(22,335,488.76)	(73,128,426.62)
IV.	At end of year	3,998,619,278.00	226,885,258.23	(502,508,673.78)	78,839,437.56	1,207,988,900.22	26,930,133,835.41	31,939,958,035.64	9,997,027,915.46	41,936,985,951.10

The financial statements have been signed by:

本財務報表由以下人士簽署：

Legal Representative:
法定代表人：

Principal in charge of accounting:
主管會計工作負責人：

Head of accounting department:
會計機構負責人：

Tan Xuguang
譚旭光

Kwong Kwan Tong
鄭焜堂

Li Xia
李霞

CONSOLIDATED CASH FLOW STATEMENT

Year 2016 (Expressed in Renminbi Yuan)

合併現金流量表

2016年度(人民幣元)

		Note V 附註五	2016 2016年	2015 2015年 (Restated) (經重述)
I. CASH FLOWS FROM OPERATING ACTIVITIES	一、經營活動產生的現金流量			
Cash received from sales of goods or rendering of services	銷售商品、提供勞務收到的現金		78,618,574,648.98	72,384,380,401.08
Refunds of taxes	收到的稅費返還		271,286,501.29	343,603,353.37
Other cash received relating to operating activities	收到其他與經營活動有關的現金	62	1,335,554,529.47	1,465,347,721.59
Subtotal of cash inflows from operating activities	經營活動現金流入小計		80,225,415,679.74	74,193,331,476.04
Cash paid for goods and services	購買商品、接受勞務支付的現金		43,359,403,586.53	42,085,087,873.07
Cash paid to and on behalf of employees	支付給職工以及為職工支付的現金		16,143,475,594.07	14,318,127,866.16
Cash paid for all types of taxes	支付的各項稅費		3,549,645,547.09	3,255,878,868.50
Other cash paid relating to operating activities	支付其他與經營活動有關的現金	62	8,922,457,481.02	7,695,722,806.86
Subtotal of cash outflows from operating activities	經營活動現金流出小計		71,974,982,208.71	67,354,817,414.59
Net cash flows from operating activities	經營活動產生的現金流量淨額	63	8,250,433,471.03	6,838,514,061.45
II. CASH FLOWS USED IN INVESTING ACTIVITIES	二、投資活動使用的現金流量			
Cash received from sale of investments	收回投資收到的現金		1,631,981,141.64	188,000,000.00
Cash received from return on investments	取得投資收益收到的現金		88,439,515.41	166,277,959.70
Net cash received from disposal of subsidiaries and other business units	處置子公司及其他營業單位收到的現金淨額	63	-	47,393,959.31
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	處置固定資產、無形資產和其他長期資產收回的現金淨額		744,265,205.45	674,474,710.10
Other cash received relating to investing activities	收到其他與投資活動有關的現金	62	215,096,120.80	64,828,590.00
Subtotal of cash inflows from investing activities	投資活動現金流入小計		2,679,781,983.30	1,140,975,219.11
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	購建固定資產、無形資產和其他長期資產支付的現金		4,459,699,581.12	4,345,931,817.94
Cash paid for acquisition of investments	投資支付的現金		2,328,922,551.80	383,290,684.00
Net cash paid for acquisition of subsidiaries and other business units	取得子公司及其他營業單位支付的現金淨額	63	15,514,669,904.00	476,585,898.00
Other cash paid relating to investing activities	支付其他與投資活動有關的現金	62	6,986,068.29	50,733,202.27
Subtotal of cash outflows from investing activities	投資活動現金流出小計		22,310,278,105.21	5,256,541,602.21
Net cash flows used in investing activities	投資活動使用的現金流量淨額		(19,630,496,121.91)	(4,115,566,383.10)

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

Year 2016 (Expressed in Renminbi Yuan)

合併現金流量表(續)

2016年度(人民幣元)

		Note V 附註五	2016 2016年	2015 2015年 (Restated) (經重述)
III. CASH FLOWS USED IN FINANCING ACTIVITIES	三、籌資活動使用的現金流量			
Cash received from capital contributions <i>Incl: Cash received by subsidiaries from capital contributions of minority owners</i>	吸收投資收到的現金 其中：子公司吸收少數股東投資收到的現金		1,448,443,114.94	152,721,584.46
Cash received from borrowings	取得借款收到的現金		1,448,443,114.94	152,721,584.46
Cash received from issuance of bonds	發行債券收到的現金		40,427,051,904.80	11,535,722,867.85
Other cash received relating to financing activities	收到其他與籌資活動有關的現金	62	60,903,683.55	2,522,317,954.03
Subtotal of cash inflows from financing activities	籌資活動現金流入小計		41,936,398,703.29	14,372,970,648.34
Cash repayments of borrowings	償還債務支付的現金		25,930,017,967.06	13,095,797,782.00
Cash paid for distribution of dividends or profits and for interest expenses <i>Incl: Cash paid to minority owners for distribution of dividends or profits by subsidiaries</i>	分配股利、利潤或償付利息支付的現金 其中：子公司支付給少數股東的股利、利潤		2,432,823,748.89	1,967,896,762.46
Other cash paid relating to financing activities	支付其他與籌資活動有關的現金	62	574,513,560.42	497,486,749.43
Subtotal of cash outflows from financing activities	籌資活動現金流出小計		30,194,802,038.13	16,548,586,579.69
Net cash flows from/(used in), financing activities	籌資活動產生/(使用)的現金流量淨額		11,741,596,665.16	(2,175,615,931.35)
IV. EFFECT OF CHANGES IN EXCHANGE RATE ON CASH	四、匯率變動對現金的影響		82,640,226.51	36,342,024.54
V. NET INCREASE IN CASH AND CASH EQUIVALENTS Add: Cash and cash equivalents at beginning of year	五、現金及現金等價物淨增加額 加：年初現金及現金等價物餘額		444,174,240.79	583,673,771.54
VI. CASH AND CASH EQUIVALENTS AT END OF YEAR	六、年末現金及現金等價物餘額	63	21,154,657,664.43	20,570,983,892.89
			21,598,831,905.22	21,154,657,664.43

The financial statements have been signed by:

本財務報表由以下人士簽署：

Legal Representative:

法定代表人：

Tan Xuguang

譚旭光

Principal in charge of accounting:

主管會計工作負責人：

Kwong Kwan Tong

鄭焜堂

Head of accounting department:

會計機構負責人：

Li Xia

李霞

BALANCE SHEET

31 December 2016 (Expressed in Renminbi Yuan)

資產負債表

2016年12月31日(人民幣元)

ASSETS	資產	Note XV 附註十五	31 December 2016 2016年12月31日	31 December 2015 2015年12月31日
Current assets	流動資產			
Cash and cash equivalents	貨幣資金	1	9,759,458,242.20	12,447,686,804.26
Notes receivable	應收票據	2	14,623,284,642.83	6,890,636,874.68
Accounts receivable	應收賬款	3	1,084,606,558.31	640,602,324.45
Prepayments	預付款項		38,432,215.70	56,961,089.44
Interests receivable	應收利息		24,849,593.75	51,793,725.00
Dividends receivable	應收股利		1,530,000.00	3,060,000.00
Other receivables	其他應收款	4	1,489,063,940.49	1,872,128,429.70
Inventories	存貨	5	1,748,577,761.12	1,337,322,763.36
Other current assets	其他流動資產		-	146,838,123.25
Total current assets	流動資產合計		28,769,802,954.40	23,447,030,134.14
Non-current assets	非流動資產			
Available-for-sale financial assets	可供出售金融資產		278,880,000.00	284,880,000.00
Long-term equity investments	長期股權投資	6、7	11,151,764,459.25	10,020,852,579.69
Investment property	投資性房地產	8	1,166,754,025.31	1,143,364,666.55
Fixed assets	固定資產	9	2,985,724,485.68	2,644,294,727.19
Construction in progress	在建工程		580,767,880.05	1,460,455,895.55
Disposal of fixed assets	固定資產清理		83,797.30	83,797.19
Intangible assets	無形資產	10	529,111,113.62	330,215,232.45
Goodwill	商譽		579,145,043.76	579,145,043.76
Long learn prepaid expense	長期待攤費用		2,075,842.00	4,566,838.00
Deferred tax assets	遞延所得稅資產		318,302,058.45	215,366,868.45
Other non-current assets	其他非流動資產		368,850,638.89	481,925,368.89
Total non-current assets	非流動資產合計		17,961,459,344.31	17,165,151,017.72
Total assets	資產總計		46,731,262,298.71	40,612,181,151.86

The financial statements have been signed by:

本財務報表由以下人士簽署：

Legal Representative:

法定代表人：

Tan Xuguang

譚旭光

Principal in charge of accounting:

主管會計工作負責人：

Kwong Kwan Tong

鄭焜堂

Head of accounting department:

會計機構負責人：

Li Xia

李霞

BALANCE SHEET (CONTINUED)

31 December 2016 (Expressed in Renminbi Yuan)

資產負債表(續)

2016年12月31日(人民幣元)

LIABILITIES AND EQUITY	負債和股東權益	Note XV 附註十五	31 December 2016 2016年12月31日	31 December 2015 2015年12月31日
Current liabilities	流動負債			
Notes payable	應付票據		4,660,241,509.23	2,555,177,304.09
Accounts payable	應付帳款		5,379,491,386.62	3,299,797,871.61
Advances from customers	預收款項		64,399,135.60	20,789,783.81
Payroll payable	應付職工薪酬	11	588,459,341.07	471,742,106.21
Taxes payable	應交稅費	12	505,716,425.54	38,446,967.23
Interests payable	應付利息		–	32,958,333.51
Other payables	其他應付款		1,788,661,736.46	1,599,009,547.04
Non-current liabilities due within one year	一年內到期的非流動負債		–	1,398,153,360.39
Other current liabilities	其他流動負債	13	725,109,205.14	474,669,460.90
Total current liabilities	流動負債合計		13,712,078,739.66	9,890,744,734.79
Non-current liabilities	非流動負債			
Long term payroll payable	長期應付職工薪酬		31,887,561.60	28,208,354.88
Special payables	專項應付款		20,000,000.00	20,000,000.00
Deferred income	遞延收益	14	437,331,723.04	324,194,404.72
Total non-current liabilities	非流動負債合計		489,219,284.64	372,402,759.60
Total liabilities	負債合計		14,201,298,024.30	10,263,147,494.39
Shareholders' equity	股東權益			
Share capital	股本		3,998,619,278.00	3,998,619,278.00
Capital reserve	資本公積		1,003,313,374.62	1,011,431,890.64
Other comprehensive income	其他綜合收益		45,220,000.00	50,320,000.00
Special reserve	專項儲備		50,137,320.74	43,771,198.92
Surplus reserve	盈餘公積		1,520,020,449.71	1,221,269,763.04
Retained earnings	未分配利潤		25,912,653,851.34	24,023,621,526.87
Total shareholders' equity	股東權益合計		32,529,964,274.41	30,349,033,657.47
Total liabilities and shareholders' equity	負債和股東權益總計		46,731,262,298.71	40,612,181,151.86

The financial statements have been signed by:

本財務報表由以下人士簽署：

Legal Representative:

法定代表人：

Tan Xuguang

譚旭光

Principal in charge of accounting:

主管會計工作負責人：

Kwong Kwan Tong

鄭焜堂

Head of accounting department:

會計機構負責人：

Li Xia

李霞

INCOME STATEMENT

Year 2016 (Expressed in Renminbi Yuan)

利潤表

2016年度(人民幣元)

		Note XV 附註十五	2016 2016年	2015 2015年
Revenue	營業收入	15	20,538,667,322.09	12,895,754,445.97
Less: Cost of sales	減：營業成本	15	15,397,365,042.94	9,916,275,770.69
Taxes and surcharges	稅金及附加		178,997,961.09	69,962,635.51
Distribution and selling expenses	銷售費用		856,620,943.54	512,493,539.31
General and administrative expenses	管理費用		1,605,229,832.33	1,315,131,114.05
Finance expenses	財務費用		(119,573,840.75)	(228,627,751.13)
Impairment loss of assets	資產減值損失		49,949,570.65	(11,296,945.18)
Add: Investment income	加：投資收益	16	692,057,206.88	432,313,723.54
Incl: Share of profit of associates and jointly controlled enterprises	其中：對聯營企業和合營企業的投資收益		36,075,296.33	(16,196,195.63)
Operating profit	營業利潤		3,262,135,019.17	1,754,129,806.26
Add: Non-operating income	加：營業外收入		106,832,221.65	125,716,175.93
Incl: Gain on disposal of non-current assets	其中：非流動資產處置利得		6,861,556.51	736,969.72
Less: Non-operating expenses	減：營業外支出		12,068,992.06	6,261,623.62
Incl: Loss on disposal of non-current assets	其中：非流動資產處置損失		113,789.36	67,413.90
Total profit	利潤總額	17	3,356,898,248.76	1,873,584,358.57
Less: Income tax expenses	減：所得稅費用	18	369,391,382.02	185,216,250.04
Net profit	淨利潤		2,987,506,866.74	1,688,368,108.53
Net other comprehensive income after tax	其他綜合收益的稅後淨額		(5,100,000.00)	2,380,000.00
Those other comprehensive income to be reclassified into profit or loss	以後將重分類進損益的其他綜合收益			
Change of fair value of available-for-sale financial assets	可供出售金融資產公允價值變動		(5,100,000.00)	2,380,000.00
Total comprehensive income	綜合收益總額		2,982,406,866.74	1,690,748,108.53

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本財務報表由以下人士簽署：

Legal Representative:
法定代表人：

Principal in charge of accounting:
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Head of accounting department:
會計機構負責人：

Tan Xuguang
譚旭光

Kwong Kwan Tong
鄭焜堂

Li Xia
李霞

STATEMENT OF CHANGES IN EQUITY

Year 2016 (Expressed in Renminbi Yuan)

股東權益變動表

2016年度(人民幣元)

2016

2016年

		Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
		股本	資本公積	其他綜合收益	專項儲備	盈餘公積	未分配利潤	股東權益合計
I. At beginning of year	一、本年年初餘額	3,998,619,278.00	1,011,431,890.64	50,320,000.00	43,771,198.92	1,221,269,763.04	24,023,621,526.87	30,349,033,657.47
II. Movements in current year	二、本年增減變動金額							
(I) Total comprehensive revenue	(一) 綜合收益總額	-	-	(5,100,000.00)	-	-	2,987,506,866.74	2,982,406,866.74
(II) Profit appropriation	(二) 利潤分配							
1. Appropriation to surplus reserve	1. 提取盈餘公積	-	-	-	-	298,750,686.67	(298,750,686.67)	-
2. Distribution to owners	2. 對股東的分配	-	-	-	-	-	(799,723,855.60)	(799,723,855.60)
(III) Internal transfer of owners' equity	(三) 股東權益內部結轉							
1. Capitalization of surplus reserve	1. 盈餘公積轉增資本	-	-	-	-	-	-	-
(IV) Special reserve	(四) 專項儲備							
1. Appropriation during the year	1. 本年提取	-	-	-	10,866,988.22	-	-	10,866,988.22
2. Used during the year	2. 本年使用	-	-	-	(4,500,866.40)	-	-	(4,500,866.40)
(V) Business combination under common control	(五) 同一控制下企業合併	-	(8,118,516.02)	-	-	-	-	(8,118,516.02)
III. At end of year	三、本年年末餘額	3,998,619,278.00	1,003,313,374.62	45,220,000.00	50,137,320.74	1,520,020,449.71	25,912,653,851.34	32,529,964,274.41

The financial statements have been signed by:

本財務報表由以下人士簽署：

Legal Representative:
法定代表人：

Principal in charge of accounting:
主管會計工作負責人：

Head of accounting department:
會計機構負責人：

Tan Xuguang
譚旭光

Kwong Kwan Tong
鄺焜堂

Li Xia
李霞

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year 2016 (Expressed in Renminbi Yuan)

股東權益變動表(續)

2016年度(人民幣元)

2015

2015年

		Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
		股本	資本公積	其他綜合收益	專項儲備	盈餘公積	未分配利潤	股東權益合計
I. At beginning of year	一、本年年初餘額	1,999,309,639.00	1,011,431,890.64	47,940,000.00	31,283,539.94	3,051,742,591.19	23,203,848,602.84	29,345,556,263.61
II. Movements in current year	二、本年增減變動金額							
(I) Total comprehensive income	(一) 綜合收益總額	-	-	2,380,000.00	-	-	1,688,368,108.53	1,690,748,108.53
(II) Profit appropriation	(二) 利潤分配							
1. Appropriation to surplus reserve	1. 提取盈餘公積	-	-	-	-	168,836,810.85	(168,836,810.85)	-
2. Distribution to owners	2. 對股東的分配	-	-	-	-	-	(699,758,373.65)	(699,758,373.65)
(III) Internal transfer of owners' equity	(三) 股東權益內部結轉							
1. Capitalization of surplus reserve	1. 盈餘公積轉增資本	1,999,309,639.00	-	-	-	(1,999,309,639.00)	-	-
(IV) Special reserve	(四) 專項儲備							
1. Appropriation during the year	1. 本年提取	-	-	-	17,068,584.00	-	-	17,068,584.00
2. Used during the year	2. 本年使用	-	-	-	(4,580,925.02)	-	-	(4,580,925.02)
III. At end of year	三、本年年末餘額	3,998,619,278.00	1,011,431,890.64	50,320,000.00	43,771,198.92	1,221,269,763.04	24,023,621,526.87	30,349,033,657.47

The financial statements have been signed by:

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Legal Representative:
法定代表人：Principal in charge of accounting:
主管會計工作負責人：Head of accounting department:
會計機構負責人：Tan Xuguang
譚旭光Kwong Kwan Tong
鄭焜堂Li Xia
李霞

CASH FLOW STATEMENT

Year 2016 (Expressed in Renminbi Yuan)

現金流量表

2016年度(人民幣元)

		Note XV 附註十五	2016 2016年	2015 2015年
I. CASH FLOWS FROM OPERATING ACTIVITIES	一、經營活動產生的現金流量			
Cash received from sales of goods or rendering of services	銷售商品、提供勞務收到的現金		13,967,651,501.09	15,154,156,419.73
Other cash received relating to operating activities	收到其他與經營活動有關的現金		365,674,918.62	687,259,802.99
Subtotal of cash inflows from operating activities	經營活動現金流入小計		14,333,326,419.71	15,841,416,222.72
Cash paid for goods and services	購買商品、接受勞務支付的現金		11,119,974,670.26	13,063,355,403.20
Cash paid to and on behalf of employees	支付給職工以及為職工支付的現金		1,147,394,627.08	999,923,941.09
Cash paid for all types of taxes	支付的各項稅費		1,177,076,407.17	873,563,297.33
Other cash paid relating to operating activities	支付其他與經營活動有關的現金		562,821,800.15	967,726,499.62
Subtotal of cash outflows from operating activities	經營活動現金流出小計		14,007,267,504.66	15,904,569,141.24
Net cash flows from / (used in) operating activities	經營活動產生/(使用)的現金流量淨額	19	326,058,915.05	(63,152,918.52)

The financial statements have been signed by:

本財務報表由以下人士簽署：

Legal Representative:

法定代表人：

Tan Xuguang

譚旭光

Principal in charge of accounting:

主管會計工作負責人：

Kwong Kwan Tong

鄭焜堂

Head of accounting department:

會計機構負責人：

Li Xia

李霞

CASH FLOW STATEMENT (CONTINUED)
Year 2016 (Expressed in Renminbi Yuan)

現金流量表(續)
2016年度(人民幣元)

	Note XV 附註十五	2016 2016年	2015 2015年
II. CASH FLOWS FROM INVESTING ACTIVITIES	二、投資活動產生的現金流量		
Cash received from sale of investments	收回投資收到的現金	120,000,000.00	400,000,000.00
Cash received from return on investments	取得投資收益收到的現金	651,923,691.80	489,728,433.53
Cash received from disposal of subsidiaries and other business entities	處置子公司及其他營業單位收到的現金	-	80,040,728.75
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	處置固定資產、無形資產和其他長期資產收回的現金淨額	94,644.18	400.00
Other cash received relating to investing activities	收到其他與投資活動有關的現金	104,633,742.00	-
Subtotal of cash inflows from investing activities	投資活動現金流入小計	876,652,077.98	969,769,562.28
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	購建固定資產、無形資產和其他長期資產支付的現金	532,271,498.62	453,520,756.68
Cash paid for acquisition of investments	投資支付的現金	1,073,067,896.40	640,052,638.25
Other cash paid relating to investing activities	支付的其他與投資活動有關的現金	3,701,700.00	-
Subtotal of cash outflows from investing activities	投資活動現金流出小計	1,609,041,095.02	1,093,573,394.93
Net cash flows used in investing activities	投資活動使用的現金流量淨額	(732,389,017.04)	(123,803,832.65)

The financial statements have been signed by:

本財務報表由以下人士簽署：

Legal Representative:
法定代表人：

Principal in charge of accounting:
主管會計工作負責人：

Head of accounting department:
會計機構負責人：

Tan Xuguang
譚旭光

Kwong Kwan Tong
鄭焜堂

Li Xia
李霞

CASH FLOW STATEMENT (CONTINUED)

Year 2016 (Expressed in Renminbi Yuan)

現金流量表(續)

2016年度(人民幣元)

		Note XV 附註十五	2016 2016年	2015 2015年
III. CASH FLOWS FROM FINANCING ACTIVITIES	三、籌資活動產生的現金流量			
Other cash received relating to financing activities	收到其他與籌資活動有關的現金		29,247.15	-
Subtotal of cash inflows from financing activities	籌資活動現金流入小計		29,247.15	-
Cash repayments of borrowings	償還債務支付的現金		1,400,000,000.00	-
Cash paid for distribution of dividends or profits and for interest expenses	分配股利、利潤或償付利息支付的現金		878,823,855.60	781,518,373.65
Other cash paid relating to financing activities	支付的其他與籌資活動有關的現金		-	20,801,919.60
Subtotal of cash outflows from financing activities	籌資活動現金流出小計		2,278,823,855.60	802,320,293.25
Net cash flows used in financing activities	籌資活動使用的現金流量淨額		(2,278,794,608.45)	(802,320,293.25)
IV. EFFECT OF CHANGES IN EXCHANGE RATE ON CASH	四、匯率變動對現金的影響		30,544.50	32,447.64
V. NET DECREASE IN CASH AND CASH EQUIVALENTS	五、現金及現金等價物淨減少額		(2,685,094,165.94)	(989,244,596.78)
Add: Cash and cash equivalents at beginning of year	加：年初現金及現金等價物餘額		12,429,369,847.65	13,418,614,444.43
VI. CASH AND CASH EQUIVALENTS AT END OF YEAR	六、年末現金及現金等價物餘額	20	9,744,275,681.71	12,429,369,847.65

The financial statements have been signed by:

本財務報表由以下人士簽署：

Legal Representative:

法定代表人：

Tan Xuguang

譚旭光

Principal in charge of accounting:

主管會計工作負責人：

Kwong Kwan Tong

鄭焜堂

Head of accounting department:

會計機構負責人：

Li Xia

李霞

NOTES TO FINANCIAL STATEMENTS

31 December 2016 (Expressed in Renminbi Yuan)

I. CORPORATE BACKGROUND

Weichai Power Co., Ltd. (the "Company") is a joint stock company limited by shares incorporated in Shandong, the People's Republic of China. It was established on 23 December 2002.

The RMB ordinary A shares and overseas listed foreign H shares issued by the Company were listed on the Shenzhen Stock Exchange and The Stock Exchange of Hong Kong Limited, respectively. The registered address of the Company's headquarters is 197, Section A, Fu Shou East Street, High Technology Industrial Development Zone, Weifang, Shandong Province. The Company operates in the transportation equipment manufacturing industry. The approved scope of operations of the Company covers: Design, development, production, sale, repair, import and export of diesel engines and auxiliary products; automobile, automobile axle and components, gear boxes and components and other automobile components, hydraulic pumps, hydraulic motors, hydraulic valves, gears and gear transmission devices, ancillary casting and casting products of hydraulic components, internal combustion engines, new-energy powertrain systems and ancillary products; technical consultation and technical services; leasing of self-owned houses; sale of steel; business management service; forklift trucks production, warehouses technology and supply chain solution services. For the aforesaid business scopes, operating permit(s) should be held for those operations requiring administrative permission.

Weichai Group Holdings Limited and Shandong Heavy Industry Group Co., Ltd., established in the PRC, are the parent company and ultimate parent company of the Group respectively.

These financial statements were approved by the board of directors of the Company on 29 March 2017. Pursuant to the articles of association of the Company, these financial statements will be submitted to the general meeting of the Company for consideration and approval.

The consolidation scope of consolidated financial statements is determined on the basis of control. Please refer to Note VI for changes this period.

財務報表附註

2016年12月31日(人民幣元)

一、本公司基本情況

濰柴動力股份有限公司(「本公司」)是一家在中華人民共和國山東省註冊的股份有限公司，於2002年12月23日成立。

本公司所發行人民幣普通A股及境外上市外資H股已分別在深圳證券交易所和香港聯合交易所有限公司上市。本公司總部註冊地址位於山東省濰坊市高新技術產業開發區福壽東街197號甲。本公司所屬行業為交通運輸設備製造業。本集團主要經營活動為：柴油機及配套產品，汽車，汽車車橋及零部件，汽車變速器及零部件以及其他汽車零部件，液壓泵、液壓馬達、液壓閥門、齒輪和齒輪傳動裝置、液壓元件附屬鑄件和鑄造品、內燃機、新能源動力總成系統及配套產品的設計、開發、生產、銷售、維修、進出口；技術諮詢和技術服務；自有房租租賃、鋼材銷售、企業管理服務；叉車生產、倉庫技術及供應鏈解決方案服務。以上經營範圍涉及行政許可的憑許可證經營。

本集團的母公司和最終母公司為於中國成立的濰柴控股集團有限公司和山東重工集團有限公司。

本財務報表業經本公司董事會於2017年3月29日決議批准。根據本公司章程，本財務報表將提交股東大會審議。

合併財務報表的合併範圍以控制為基礎確定，本年度變化情況參見附註六。

II. PREPARATION BASIS OF THE FINANCIAL STATEMENTS

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

The financial statements are presented on a going concern basis.

In preparing these financial statements, all the assets (other than certain financial instruments) are carried at historical cost. 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Accounting policies and accounting estimates are formulated based on the actual characteristics of production and operation. These are reflected in the provision for bad debts in respect of receivables, classification of fixed assets and depreciation estimation, classification of intangible assets and long-term pre-paid expenses and estimation of amortization.

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present, fairly and fully, the financial position of the Company and the Group as at 31 December 2016 and the results of operations and the cash flows for year 2016 in accordance with Accounting Standards for Business Enterprises.

2. Accounting year

The accounting year of the Group is from 1 January to 31 December of each calendar year.

3. Functional currency

The functional currency of the Company and the currency used in preparing the financial statements were Renminbi. The amounts in the financial statements were denominated in Renminbi, unless otherwise stated.

The subsidiaries, jointly controlled enterprises and associates of the Company may determine their own functional currencies based on the major economic environment in which they operate the business. In preparation of financial statements, their functional currencies shall be translated into RMB.

二、財務報表的編製基礎

本財務報表按照財政部頒佈的《企業會計準則—基本準則》以及其後頒佈及修訂的具體會計準則、應用指南、解釋以及其他相關規定(統稱「企業會計準則」)編製。

本財務報表以持續經營為基礎列報。

編製本財務報表時，除某些金融工具外，均以歷史成本為計價原則。劃分為持有待售的非流動資產及劃分為持有待售的處置組中的資產，按公允價值減去預計費用後的金額，以及符合持有待售條件時的原賬面價值，取兩者孰低計價。資產如果發生減值，則按照相關規定計提相應的減值準備。

三、重要會計政策及會計估計

本集團根據實際生產經營特點制定了具體會計政策和會計估計，主要體現在應收款項壞賬準備的計提、固定資產分類及折舊估計、無形資產和長期待攤費用的分類和攤銷估計。

1. 遵循企業會計準則的聲明

本財務報表符合企業會計準則的要求，真實、完整地反映了本公司及本集團於2016年12月31日的財務狀況以及2016年度的經營成果和現金流量。

2. 會計期間

本集團會計年度採用公曆年度，即每年自1月1日起至12月31日止。

3. 記帳本位幣

本公司記帳本位幣和編製本財務報表所採用的貨幣均為人民幣。除有特別說明外，均以人民幣元為單位表示。

本公司下屬子公司、合營企業及聯營企業，根據其經營所處的主要經濟環境自行決定其記帳本位幣，編製財務報表時折算為人民幣。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

4. 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.

三、重要會計政策及會計估計(續)

4. 企業合併

企業合併，是指將兩個或兩個以上單獨的企業合併形成一個報告主體的交易或事項。企業合併分為同一控制下企業合併和非同一控制下企業合併。

同一控制下企業合併

參與合併的企業在合併前後均受同一方或相同的多方最終控制，且該控制並非暫時性的，為同一控制下的企業合併。同一控制下的企業合併，在合併日取得對其他參與合併企業控制權的一方為合併方，參與合併的其他企業為被合併方。合併日，是指合併方實際取得對被合併方控制權的日期。

合併方在同一控制下企業合併中取得的資產和負債(包括最終控制方收購被合併方而形成的商譽)，按合併日在最終控制方財務報表中的賬面價值為基礎進行相關會計處理。合併方取得的淨資產賬面價值與支付的合併對價的賬面價值(或發行股份面值總額)的差額，調整資本公積中的股本溢價，不足沖減的則調整留存收益。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

4. Business combination (Continued) *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 equity securities issued) and the equity interests in the acquiree held prior to the date of acquisition is conducted. If the review indicates that the fair value of the sum of the consideration paid (or 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.

三、重要會計政策及會計估計(續)

4. 企業合併(續) *非同一控制下的企業合併*

參與合併的企業在合併前後不受同一方或相同的多方最終控制的，為非同一控制下的企業合併。非同一控制下的企業合併，在購買日取得對其他參與合併企業控制權的一方為購買方，參與合併的其他企業為被購買方。購買日，是指購買方實際取得對被購買方控制權的日期。

非同一控制下企業合併中所取得的被購買方可辨認資產、負債及或有負債在收購日以公允價值計量。

支付的合併對價的公允價值(或發行的權益性證券的公允價值)與購買日之前持有的被購買方的股權的公允價值之和大於合併中取得的被購買方可辨認淨資產公允價值份額的差額，確認為商譽，並以成本減去累計減值損失進行後續計量。

支付的合併對價的公允價值(或發行的權益性證券的公允價值)與購買日之前持有的被購買方的股權的公允價值之和小於合併中取得的被購買方可辨認淨資產公允價值份額的，首先對取得的被購買方各項可辨認資產、負債及或有負債的公允價值以及支付的合併對價的公允價值(或發行的權益性證券的公允價值)及購買日之前持有的被購買方的股權的公允價值的計量進行覆核，覆核後支付的合併對價的公允價值(或發行的權益性證券的公允價值)與購買日之前持有的被購買方的股權的公允價值之和仍小於合併中取得的被購買方可辨認淨資產公允價值份額的，其差額計入當期損益。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Consolidated financial statements

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements for the year ended 31 December 2016 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, interests, income, expenses and cash flow are eliminated in full 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.

三、重要會計政策和會計估計(續)

5. 合併財務報表

合併財務報表的合併範圍以控制為基礎確定，包括本公司及全部子公司截至2016年12月31日止年度的財務報表。子公司，是指被本公司控制的主體(含企業、被投資單位中可分割的部分，以及本公司所控制的結構化主體等)。

編製合併財務報表時，子公司採用與本公司一致的會計期間和會計政策，對子公司可能存在的與本公司不一致的會計政策，已按照本公司的會計政策調整一致。本集團內部各公司之間的所有交易產生的資產、負債、權益、收入、費用和現金流量於合併時全額抵銷。

子公司少數股東分擔的當期虧損超過了少數股東在該子公司期初股東權益中所享有的份額的，其餘額仍沖減少數股東權益。

III. SIGNIFICANT ACCOUNTING POLICIES
AND ACCOUNTING ESTIMATES
(CONTINUED)

5. Consolidated financial statements (Continued)

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

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

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.

三、重要會計政策和會計估計(續)

5. 合併財務報表(續)

對於通過非同一控制下的企業合併取得的子公司，被購買方的經營成果和現金流量自本集團取得控制權之日起納入合併財務報表，直至本集團對其控制權終止。在編製合併財務報表時，以購買日確定的各項可辨認資產、負債及或有負債的公允價值為基礎對子公司的財務報表進行調整。

對於通過同一控制下的企業合併取得的子公司，被合併方的經營成果和現金流量自合併當期期初納入合併財務報表。編製比較合併財務報表時，對前期財務報表的相關項目進行調整，視同合併後形成的報告主體自最終控制方開始實施控制時一直存在。

如果相關事實和情況的變化導致對控制要素中的一項或多項發生變化的，本集團重新評估是否控制被投資方。

不喪失控制權情況下，少數股東權益發生變化作為權益性交易。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Classification of joint arrangements and joint operation

Joint arrangements are in the form of joint operation or jointly-controlled enterprise. A joint operation is a joint arrangement under which the joint venture parties are entitled to assets and undertake liabilities under the arrangement. A jointly-controlled enterprise is a joint arrangement under which the joint venture parties are only entitled to the net assets under such arrangement.

The following items should be recognised by a joint venture party in relation to its share of profit in the joint operation: solely held assets, as well as jointly held assets according to its share; solely assumed liabilities, as well as jointly assumed liabilities according to its share; income derived from its entitled share of production of the joint operation; income derived from the sales of production of the joint operation according to its share; solely incurred expenses, as well as expenses incurred by the joint operation according to its share.

7. Cash and cash equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments held by the Group, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

三、重要會計政策和會計估計(續)

6. 合營安排分類及共同經營

合營安排分為共同經營和合營企業。共同經營，是指合營方享有該安排相關資產且承擔該安排相關負債的合營安排。合營企業，是指合營方僅對該安排的淨資產享有權利的合營安排。

合營方確認其與共同經營中利益份額相關的下列項目：確認單獨所持有的資產，以及按其份額確認共同持有的資產；確認單獨所承擔的負債，以及按其份額確認共同承擔的負債；確認出售其享有的共同經營產出份額所產生的收入；按其份額確認共同經營因出售產出所產生的收入；確認單獨所發生的費用，以及按其份額確認共同經營發生的費用。

7. 現金及現金等價物

現金，是指本集團的庫存現金以及可以隨時用於支付的存款；現金等價物，是指本集團持有的期限短、流動性強、易於轉換為已知金額的現金、價值變動風險很小的投資。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Foreign currency operations and foreign currency translation

The Group translates the amount of foreign currency transactions occurred into its functional currency.

Foreign currency transactions are recorded, on initial recognition, in the functional currency, by applying to the foreign currency amount the spot exchange rate prevailing on the transaction dates. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate prevailing on the balance sheet date. All the resulting differences on settlement and monetary item translation are taken to profit or loss in the current period, except for those relating to foreign currency borrowings specifically for construction and acquisition of qualifying assets, which are capitalized in accordance with the principle of capitalization of borrowing costs. Non-monetary foreign currency items measured at historical cost shall still be translated at the spot exchange rate prevailing on the transaction date, and the amount denominated in the functional currency is not changed. Non-monetary foreign currency items measured at fair value are translated at the spot exchange rate prevailing at the date on which the fair values are determined. The difference thus resulted are recognized in profit or loss for the current period or as other comprehensive income based on the nature of the non-monetary items.

For foreign operations, the Group translates their functional currency amounts into RMB in preparing the financial statements as follows: asset and liability items in the balance sheet are translated using the spot exchange rate at the balance sheet date, and equity items other than "retained earnings" are translated using the spot exchange rate at the date of transactions; revenue and expense items in the income statement are translated using the average exchange rate for the period during which the transactions occur. The resulting foreign currency exchange differences in the financial statement are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the profit or loss for the current period. If the disposal only involves a portion of a particular foreign operation, the amount is recognized on a pro-rata basis.

三、重要會計政策及會計估計(續)

8. 外幣業務和外幣報表折算

本集團對於發生的外幣交易，將外幣金額折算為記帳本位幣金額。

外幣交易在初始確認時，採用交易發生日的即期匯率將外幣金額折算為記帳本位幣金額。於資產負債表日，對於外幣貨幣性項目採用資產負債表日即期匯率折算，由此產生的結算和貨幣性項目折算差額，除屬於與購建符合資本化條件的資產相關的外幣專門借款產生的差額按照借款費用資本化的原則處理之外，均計入當期損益。以歷史成本計量的外幣非貨幣性項目，仍採用交易發生日的即期匯率折算，不改變其記帳本位幣金額。以公允價值計量的外幣非貨幣性項目，採用公允價值確定日的即期匯率折算，由此產生的差額根據非貨幣性項目的性質計入當期損益或其他綜合收益。

對於境外經營，本集團在編製財務報表時將其記帳本位幣折算為人民幣：對資產負債表中的資產和負債項目，採用資產負債表日的即期匯率折算，股東權益項目除「未分配利潤」項目外，其他項目採用發生時的即期匯率折算；利潤表中的收入和費用項目，採用交易發生當期平均匯率折算。按照上述折算產生的外幣財務報表折算差額，確認為其他綜合收益。處置境外經營時，將與該境外經營相關的其他綜合收益轉入處置當期損益，部分處置按處置比例計算。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Foreign currency operations and foreign currency translation (Continued)

Foreign currency cash flows and the cash flows of foreign subsidiaries are translated using the average exchange rate for the period during which the cash flows occur. The effect of exchange rate changes on cash is separately presented as an adjustment item in the cash flow statement.

9. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and Derecognition of Financial Instruments

The Group recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

The Group derecognizes a financial asset (or part of a financial asset, or part of a group of similar financial assets), i.e. writes off the financial asset from the account and balance sheet, when the following conditions are met:

- (1) the rights to receive cash flows from the financial asset have expired;
- (2) the Group has transferred its rights to receive cash flows from the financial asset, or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either (a) has transferred substantially all the risks and rewards of the ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the ownership of the financial asset, but has transferred control of the financial asset.

三、重要會計政策及會計估計(續)

8. 外幣業務和外幣報表折算(續)

外幣現金流量以及境外子公司現金流量，採用現金流量發生當期平均匯率折算。匯率變動對現金影響額作為調節項目，在現金流量表單獨列報。

9. 金融工具

金融工具，是指形成一個企業的金融資產，並形成其他單位的金融負債或權益工具的合同。

金融工具的確認和終止確認

本集團於成為金融工具合同的一方時確認一項金融資產或金融負債。

滿足下列條件的，終止確認金融資產(或金融資產的一部分，或一組類似金融資產的一部分)，即從其賬戶和資產負債表內予以轉銷：

- (1) 收取金融資產現金流量的權利屆滿；
- (2) 轉移了收取金融資產現金流量的權利，或在「過手協議」下承擔了及時將收取的現金流量全額支付給第三方的義務；並且(a)實質上轉讓了金融資產所有權上幾乎所有的風險和報酬，或(b)雖然實質上既沒有轉移也沒有保留金融資產所有權上幾乎所有的風險和報酬，但放棄了對該金融資產的控制。

III. SIGNIFICANT ACCOUNTING POLICIES
AND ACCOUNTING ESTIMATES
(CONTINUED)

9. Financial instruments (Continued)
*Recognition and Derecognition of Financial
Instruments (Continued)*

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognized. If an existing financial liability is replaced by the same creditor with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the resulting difference is recognized in profit or loss for the current period.

Regular way purchase or sale of financial assets are recognized and derecognized using trade date accounting. Regular way purchase or sale of financial assets refers to that the financial assets are delivered to or by the Group under the terms of a contract within a period as specified by law or general practice. The trade date is the date on which the Group undertakes to buy or sell a financial asset.

Classification and Measurement of Financial Assets

Financial assets are, on initial recognition, classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets and derivatives designated as effective hedging instruments. A financial asset is recognized initially at fair value. In the case of financial assets at fair value through profit or loss, relevant transaction costs are directly charged to the profit and loss of the current period; transaction costs relating to financial assets of other categories are included in the amount initially recognized.

三、重要會計政策及會計估計(續)

9. 金融工具(續)
金融工具的確認和終止確認(續)

如果金融負債的責任已履行、撤銷或屆滿，則對金融負債進行終止確認。如果現有金融負債被同一債權人以實質上幾乎完全不同條款的另一金融負債所取代，或現有負債的條款幾乎全部被實質性修改，則此類替換或修改作為終止確認原負債和確認新負債處理，差額計入當期損益。

以常規方式買賣金融資產，按交易日會計進行確認和終止確認。常規方式買賣金融資產，是指按照合同條款的約定，在法規或通行慣例規定的期限內收取或交付金融資產。交易日，是指本集團承諾買入或賣出金融資產的日期。

金融資產分類和計量

本集團的金融資產於初始確認時分類為：以公允價值計量且其變動計入當期損益的金融資產、持有至到期投資、貸款和應收款項、可供出售金融資產、被指定為有效套期工具的衍生工具。金融資產在初始確認時以公允價值計量。對於以公允價值計量且其變動計入當期損益的金融資產，相關交易費用直接計入當期損益，其他類別的金融資產相關交易費用計入其初始確認金額。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

Classification and Measurement of Financial Assets (Continued)

The subsequent measurement of a financial asset is determined by its category:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets at fair value through profit or loss and those designated upon initial recognition as financial assets at fair value through profit or loss. A financial asset at fair value through profit or loss is the financial asset that meets one of the following conditions: the financial asset is acquired for the purpose of selling it in a short term; the financial asset is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits; the financial asset is a derivative, except for a derivative that is designated as an effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity investment (without a quoted price from an active market) whose fair value cannot be reliably measured. For such kind of financial assets, fair values are adopted for subsequent measurement. All the realized or unrealized gains or losses on these financial assets are recognized in profit or loss for the current period. Dividend income or interest income related to financial assets at fair value through profit or loss is charged to profit or loss for the current period.

三、重要會計政策及會計估計(續)

9. 金融工具(續)

金融資產分類和計量(續)

金融資產的後續計量取決於其分類：

以公允價值計量且其變動計入當期損益的金融資產

以公允價值計量且其變動計入當期損益的金融資產，包括以公允價值計量且其變動計入當期損益的金融資產和初始確認時指定為以公允價值計量且其變動計入當期損益的金融資產。以公允價值計量且其變動計入當期損益的金融資產是指滿足下列條件之一的金融資產：取得該金融資產的目的是為了在短期內出售；屬於進行集中管理的可辨認金融工具組合的一部分，且有客觀證據表明企業近期採用短期獲利方式對該組合進行管理；屬於衍生工具，但是，被指定且為有效套期工具的衍生工具、屬於財務擔保合同的衍生工具、與在活躍市場中沒有報價且其公允價值不能可靠計量的權益工具投資掛鉤並須通過交付該權益工具結算的衍生工具除外。對於此類金融資產，採用公允價值進行後續計量，所有已實現和未實現的損益均計入當期損益。與以公允價值計量且其變動計入當期損益的金融資產相關的股利或利息收入，計入當期損益。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

Classification and Measurement of Financial Assets (Continued)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity date that the Group has the positive intention and ability to hold to maturity. Such kind of financial assets are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from amortization or impairment and derecognition are recognized in profit or loss for the current period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such kind of financial assets are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from amortization or impairment are recognized in profit or loss for the current period.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are on initial recognition designated as available for sale or are not classified as any of the aforesaid categories. After initial recognition, available-for-sale financial assets are measured at fair value. The discount/premium is amortized using effective interest method and recognized as interest income or expense. Changes in the fair value of an available-for-sale financial asset is recognized as other comprehensive income in capital reserve, except for impairment losses and exchange differences resulted from monetary financial assets, until the financial asset is derecognized or determined to be impaired, at which time the accumulated gain or loss is transferred to profit or loss for the current period. Dividends or interest income relating to an available-for-sale financial asset are recognized in profit or loss for the current period.

Investments in equity investments, which do not have quoted prices in an active market and whose fair values cannot be reliably measured, are measured at cost.

三、重要會計政策及會計估計(續)

9. 金融工具(續)

金融資產分類和計量(續)

持有至到期投資

持有至到期投資，是指到期日固定、回收金額固定或可確定，且本集團有明確意圖和能力持有至到期的非衍生金融資產。對於此類金融資產，採用實際利率法，按照攤餘成本進行後續計量，其攤銷或減值以及終止確認產生的利得或損失，均計入當期損益。

貸款和應收款項

貸款和應收款項，是指在活躍市場中沒有報價、回收金額固定或可確定的非衍生金融資產。對於此類金融資產，採用實際利率法，按照攤餘成本進行後續計量，其攤銷或減值產生的利得或損失，均計入當期損益。

可供出售金融資產

可供出售金融資產，是指初始確認時即指定為可供出售的非衍生金融資產，以及除上述金融資產類別以外的金融資產。對於此類金融資產，採用公允價值進行後續計量。其折價或溢價採用實際利率法進行攤銷並確認為利息收入或費用。除減值損失及外幣貨幣性金融資產的匯兌差額確認為當期損益外，可供出售金融資產的公允價值變動作為其他綜合收益確認，直到該金融資產終止確認或發生減值時，其累計利得或損失轉入當期損益。與可供出售金融資產相關的股利或利息收入，計入當期損益。

對於在活躍市場中沒有報價且其公允價值不能可靠計量的權益工具投資，按成本計量。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued) *Classification and Measurement of Financial Liabilities*

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss, other financial liabilities or derivatives designated as effective hedging instruments. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the initial recognition amounts.

The subsequent measurement of a financial liability is determined by its category:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated upon initial recognition as financial liabilities at fair value through profit or loss. A financial liability held for trading is the financial liability that meets one of the following conditions: the financial liability is assumed for the purpose of repurchasing it in a short term; the financial liability is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits; the financial liability is a derivative, except for a derivative that is designated as effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity investment (without a quoted price from an active market) whose fair value cannot be reliably measured. For such kind of financial liabilities, fair values are adopted for subsequent measurement. All the realized or unrealized gains or losses on these financial liabilities are recognized in profit or loss for the current period.

Other financial liabilities

After initial recognition, such kind of financial liabilities are measured at amortized costs by using the effective interest method.

三、重要會計政策及會計估計(續)

9. 金融工具(續) *金融負債分類和計量*

本集團的金融負債於初始確認時分類為：以公允價值計量且其變動計入當期損益的金融負債、其他金融負債、被指定為有效套期工具的衍生工具。對於以公允價值計量且其變動計入當期損益的金融負債，相關交易費用直接計入當期損益，其他金融負債的相關交易費用計入其初始確認金額。

金融負債的後續計量取決於其分類：

以公允價值計量且其變動計入當期損益的金融負債

以公允價值計量且其變動計入當期損益的金融負債，包括交易性金融負債和初始確認時指定為以公允價值計量且其變動計入當期損益的金融負債。交易性金融負債是指滿足下列條件之一的金融負債：承擔該金融負債的目的是為了在近期內回購；屬於進行集中管理的可辨認金融工具組合的一部分，且有客觀證據表明企業近期採用短期獲利方式對該組合進行管理；屬於衍生工具，但是，被指定且為有效套期工具的衍生工具、屬於財務擔保合同的衍生工具、與在活躍市場中沒有報價且其公允價值不能可靠計量的權益工具投資掛鉤並須通過交付該權益工具結算的衍生工具除外。對於此類金融負債，按照公允價值進行後續計量，所有已實現和未實現的損益均計入當期損益。

其他金融負債

對於此類金融負債，採用實際利率法，按照攤餘成本進行後續計量。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

Elimination of financial instruments

The net amount after eliminating financial assets and financial liabilities is presented in the balance sheet if the following conditions are satisfied: A lawful right exists for eliminating recognized amounts, and such lawful right is currently enforceable; it is planned that the financial assets and financial liabilities are to be netted against each other, or that they are to be realized and settled simultaneously.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to settle a debt or assume a liability to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are measured, on initial recognition, at fair value. For financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss, they are, after initial recognition, subsequently measured at the higher of: the amount of the best estimate of the expenditure required to settle the present obligation at the balance sheet date; and the amount initially recognized less the accumulated amortization determined according to the principles of revenue recognition.

Derivative Financial Instruments

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. A financial derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured is measured at cost.

三、重要會計政策及會計估計(續)

9. 金融工具(續)

金融工具抵銷

同時滿足下列條件的，金融資產和金融負債以相互抵銷後的淨額在資產負債表內列示：具有抵銷已確認金額的法定權利，且該種法定權利是當前可執行的；計劃以淨額結算，或同時變現該金融資產和清償該金融負債。

財務擔保合同

財務擔保合同，是指保證人和債權人約定，當債務人不履行債務時，保證人按照約定履行債務或者承擔責任的合同。財務擔保合同在初始確認為負債時按照公允價值計量，不屬於指定為以公允價值計量且其變動計入當期損益的金融負債的財務擔保合同，在初始確認後，按照資產負債表日履行相關現時義務所需支出的當前最佳估計數確定的金額，和初始確認金額扣除按照收入確認原則確定的累計攤銷額後的餘額，以兩者之中的較高者進行後續計量。

衍生金融工具

本集團使用衍生金融工具，例如以遠期外匯合同和利率互換，分別對匯率風險和利率風險進行套期保值。衍生金融工具初始以衍生交易合同簽訂當日的公允價值進行計量，並以其公允價值進行後續計量。公允價值為正數的衍生金融工具確認為一項資產，公允價值為負數的確認為一項負債。但對於在活躍市場中沒有報價且其公允價值不能可靠計量的權益工具掛鈎並須通過交付該權益工具結算的衍生金融工具，按成本計量。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

Derivative Financial Instruments (Continued)

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss for the current period, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Impairment of Financial Assets

The Group assesses at the balance sheet date the carrying amount of every financial asset. If there is objective evidence indicating a financial asset may be impaired, a provision is provided for the impairment. Objective evidence that a financial asset is impaired is one or more events that occur after the initial recognition of the asset and have an impact (which can be reliably estimated) on the expected future cash flows of the financial asset. Where there arises any of the following objective evidences indicating that accounts receivable have been impaired, an impairment provision will be made: a serious financial difficulty occurs to the debtor; the debtor breaches any of the contractual stipulations (such as he fails to pay or delays the payment of interests or the principal); the debtor will probably go bankrupt or carry out other financial reorganisations; other objective evidences show that the accounts receivable are impaired.

Financial assets carried at amortized cost

If an impairment on a financial asset has incurred, the carrying amount of the asset is reduced to the present value of expected future cash flows (excluding future credit losses that have not been incurred) and such reduction is taken to profit or loss for the current period. The present value of expected future cash flows is discounted at the financial asset's original effective interest rate (i.e. effective interest rate computed on initial recognition) and includes the value of any related collateral. Where floating interest rate is adopted, the discount rate for determining the present value of future cash flow shall be equal to the prevailing effective rate which is contractually stipulated. Interest income upon impairment is recognized at a rate equal to the discount rate used for discounting future cashflow upon recognition of impairment loss.

三、重要會計政策及會計估計(續)

9. 金融工具(續)

衍生金融工具(續)

除現金流量套期中屬於有效套期的部分計入其他綜合收益並於被套期項目影響損益時轉出計入當期損益之外，衍生工具公允價值變動而產生的利得或損失，直接計入當期損益。

金融資產減值

本集團於資產負債表日對金融資產的賬面價值進行檢查，有客觀證據表明該金融資產發生減值的，計提減值準備。表明金融資產發生減值的客觀證據，是指金融資產初始確認後實際發生的、對該金融資產的預計未來現金流量有影響，且企業能夠對該影響進行可靠計量的事項。金融資產發生減值的客觀證據，包括發行人或債務人發生嚴重財務困難、債務人違反合同條款(如償付利息或本金發生違約或逾期等)、債務人很可能倒閉或進行其他財務重組，以及公開的數據顯示預計未來現金流量確已減少且可計量。

以攤餘成本計量的金融資產

發生減值時，將該金融資產的賬面通過備抵項目價值減記至預計未來現金流量(不包括尚未發生的未來信用損失)現值，減記金額計入當期損益。預計未來現金流量現值，按照該金融資產原實際利率(即初始確認時計算確定的實際利率)折現確定，並考慮相關擔保物的價值。對於浮動利率，在計算未來現金流量現值時採用合同規定的現行實際利率作為折現率。減值後利息收入按照確定減值損失時對未來現金流量進行折現採用的折現率作為利率計算確認。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

Impairment of Financial Assets (Continued)

Financial assets carried at amortized cost (Continued)

For a financial asset that is individually significant, the asset is individually assessed for impairment, and the amount of impairment loss is recognized in profit or loss for the current period if there is objective evidence of impairment. For a financial asset that is not individually significant, it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. If no impairment incurs for an individually assessed financial asset (whether the financial asset is individually significant or not individually significant), it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets for which an impairment loss is individually recognized is not included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment.

If, subsequent to the Group's recognition of an impairment loss on a financial asset carried at amortized cost, there is objective evidence of a recovery in value of the financial asset and the recovery can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and recognized in profit or loss for the current period. However, the reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment loss not been recognized at the date the impairment is reversed.

Available-for-sale financial assets

If there is objective evidence that an available-for-sale asset is impaired, the accumulated loss arising from decline in fair value previously recognized in other comprehensive income is removed and recognized in profit or loss. The accumulated loss that removed from other comprehensive income is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss on the financial asset previously recognized in profit or loss.

三、重要會計政策及會計估計(續)

9. 金融工具(續)

金融資產減值(續)

以攤餘成本計量的金融資產(續)

對單項金額重大的金融資產單獨進行減值測試，如有客觀證據表明其已發生減值，確認減值損失，計入當期損益。對單項金額不重大的金融資產，包括在具有類似信用風險特徵的金融資產組合中進行減值測試或單獨進行減值測試。單獨測試未發生減值的金融資產(包括單項金額重大和不重大的金融資產)，包括在具有類似信用風險特徵的金融資產組合中再進行減值測試。已單項確認減值損失的金融資產，不包括在具有類似信用風險特徵的金融資產組合中進行減值測試。

本集團對以攤餘成本計量的金融資產確認減值損失後，如有客觀證據表明該金融資產價值已恢復，且客觀上與確認該損失後發生的事項有關，原確認的減值損失予以轉回，計入當期損益。但是，該轉回後的賬面價值不超過假定不計提減值準備情況下該金融資產在轉回日的攤餘成本。

可供出售金融資產

如果有客觀證據表明該金融資產發生減值，原計入其他綜合收益的因公允價值下降形成的累計損失，予以轉出，計入當期損益。該轉出的累計損失，為可供出售金融資產的初始取得成本扣除已收回本金和已攤銷金額、當前公允價值和原已計入損益的減值損失後的餘額。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

Impairment of Financial Assets (Continued)

Available-for-sale financial assets (Continued)

Objective evidence indicating that available-for-sale equity investment is impaired include significant or prolonged decline in fair value. Judgments shall be made in distinguishing “significant” and “prolonged”. “Significant” is judged by the extent of fair value below its cost and “prolonged” is judged by the length of period where fair value falls below its cost. Where objective evidence of impairment exists, the accumulated loss of the transfer is represented by the balance of acquisition cost after deduction of the current fair value and impairment loss previously charged to profit and loss. The impairment loss on an available-for-sale equity investment is not reversed through profit or loss, and any increase of fair value that occurs after the impairment is recognized directly in other comprehensive income.

The determination of what is “significant” and “prolonged” requires judgment. The Group takes into account, among other factors, the extent and duration of the period of the fair value being lower than cost, in such determination.

If, after an impairment loss has been recognized on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the original impairment loss was recognized, the original impairment loss is reversed with the amount of the reversal recognized in profit or loss for the current period.

Financial assets carried at cost

If there is objective evidence that such a financial asset is impaired, the difference between its carrying amount and the present value of expected future cash flows which are discounted at the current market yield rate of similar financial assets is recognized as an impairment loss in profit or loss for the current period. Once an impairment loss is recognized, it is not reversed.

三、重要會計政策及會計估計(續)

9. 金融工具(續)

金融資產減值(續)

可供出售金融資產(續)

可供出售權益工具投資發生減值的客觀證據，包括公允價值發生嚴重或非暫時性下跌。「嚴重」根據公允價值低於成本的程度進行判斷，「非暫時性」根據公允價值低於成本的期間長短進行判斷。存在發生減值的客觀證據的，轉出的累計損失，為取得成本扣除當前公允價值和原已計入損益的減值損失後的餘額。可供出售權益工具投資發生的減值損失，不通過損益轉回，減值之後發生的公允價值增加直接在其他綜合收益中確認。

在確定何謂「嚴重」或「非暫時性」時，需要進行判斷。本集團根據公允價值低於成本的程度或期間長短，結合其他因素進行判斷。

對於已確認減值損失的可供出售債務工具，在隨後的會計期間公允價值已上升且客觀上與確認原減值損失確認後發生的事項有關的，原確認的減值損失予以轉回，計入當期損益。

以成本計量的金融資產

如果有客觀證據表明該金融資產發生減值，將該金融資產的賬面價值，與按照類似金融資產當時市場收益率對未來現金流量折現確定的現值之間的差額，確認為減值損失，計入當期損益。發生的減值損失一經確認，不再轉回。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

Transfer of Financial Assets

If the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, the Group derecognizes the financial asset; if the Group retains substantially all the risks and rewards of ownership of the financial asset, the Group does not derecognize the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it is accounted for as follows: if the Group has not retained control, it derecognizes the financial asset and recognizes any resulting assets or liabilities; if the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes the relevant liability.

For ongoing involvement by way of provision of financial guarantee in respect of the transferred financial assets, the assets arising from such involvement is recognized as the lower of the carrying amount of the financial assets and the amount of the financial guarantee. Amount of financial guarantee refers to the maximum amount to be repayable on demand among the considerations received.

10. Receivables

(1) Receivables Which Are Individually Significant and for Which Provision for Bad Debt Is Recognized Separately

In judging receivables which are individually significant, the Group takes into account accounts receivables and other receivables due from individual customers, risks specific to particular customers, risks specific to particular countries, interest on long-term receivables and the extent of guaranteed portion of receivables etc. Receivables which are individually significant are tested for impairment individually. When objective evidence indicates that the receivable has been impaired, bad debt provision is made based on the shortfall of the present value of future cash flow as compared to its carrying amount, and is charged to profit and loss for the current period.

三、重要會計政策及會計估計(續)

9. 金融工具(續)

金融資產轉移

本集團已將金融資產所有權上幾乎所有的風險和報酬轉移給轉入方的，終止確認該金融資產；保留了金融資產所有權上幾乎所有的風險和報酬的，不終止確認該金融資產。

本集團既沒有轉移也沒有保留金融資產所有權上幾乎所有的風險和報酬的，分別下列情況處理：放棄了對該金融資產控制的，終止確認該金融資產並確認產生的資產和負債；未放棄對該金融資產控制的，按照其繼續涉入所轉移金融資產的程度確認有關金融資產，並相應確認有關負債。

通過對所轉移金融資產提供財務擔保方式繼續涉入的，按照金融資產的賬面價值和財務擔保金額兩者之中的較低者，確認繼續涉入形成的資產。財務擔保金額，是指所收到的對價中，將被要求償還的最高金額。

10. 應收款項

(1) 單項金額重大並單獨計提壞賬準備的應收款項

本集團在判斷單項金額重大的應收款項時，會考慮單個客戶應收賬款和其他應收款餘額、特定客戶風險、特定國家風險、長期應收款利息及應收款項被擔保部分等因素。本集團對單項金額重大的應收款項單獨進行減值測試。當存在客觀證據表明該應收款項發生減值的，本集團根據其未來現金流量現值低於其賬面價值的差額，計提壞賬準備，計入當期損益。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Receivables (Continued)

(2) *Receivables for Which Provision for Bad Debt Is Recognized by Group With Distinctive Credit Risk Characteristics*

Other than receivables for which provision for bad debts has been recognized individually, provision for bad debt is recognized by group based on the actual loss rate of identical or similar group in prior year or with similar distinctive credit risk characteristics, taking into account the current situation.

Other than business segments located overseas, the grouping of receivables is based on their ages which are taken as a distinctive credit risk characteristic. Ageing analysis is conducted to determine the provision for bad debt for trade receivables and other receivables, at the following percentages:

Age 賬齡		Percentage provided for 計提比例(%)
Within 1 year	1年以內	5
1-2 years	1至2年	15
2-3 years	2至3年	30
3-4 years	3至4年	50
4-5 years	4至5年	80
Over 5 years	5年以上	100

For business segments located overseas, grouping of receivables is based on their overdue ages which are taken as a distinctive credit risk characteristic.

If objective evidence shows a recovery in value of the receivables, the original bad debt provision can be reversed and carried through profit and loss in the current period.

三、重要會計政策及會計估計(續)

10. 應收款項(續)

(2) *按信用風險特徵組合計提壞賬準備的應收款項*

除已單獨計提壞賬準備的應收款項外，根據以前年度與之相同或相類似的、具有類似信用風險特徵的應收款項組合的實際損失率為基礎，結合現時情況確定應計提的壞賬準備。

除位於境外的某板塊業務外，本集團以賬齡作為信用風險特徵確定應收款項組合，並採用賬齡分析法對應收賬款和其他應收款計提壞賬準備比例如下：

本集團對位於境外的某板塊業務，以逾期賬齡作為信用風險特徵確定應收款項組合。

如有客觀證據表明應收款項的價值已經恢復，則原確認的壞賬準備予以轉回，計入當期損益。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Receivables (Continued)

(3) *Receivables Which Are Not Individually Significant But Provision for Bad Debt Is Recognized Separately*

For receivables which are not individually significant but objective evidence shows that the impairment has occurred, bad debt provision will be made according to the difference between the present value of future cash flows and its carrying amounts and will be carried through profit and loss for the current period.

If clear evidence indicates that the receivables are indeed not recoverable, such as in case of cancellation, bankruptcy or insolvency of the debtor or its serious cash flow problem, then it is recognized as a bad debt and written off for bad debt provision already made.

11. Inventories

Inventories include materials in transit, raw materials, work in progress, finished goods, materials under entrusted processing, self made semi-finished goods, turnover materials and second-hand vehicles etc.

Inventories are initially carried at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other costs. The actual cost of inventories transferred out is assigned by using weighted average method, first-in-first-out method or specific identification method. Low value consumables are amortized by using immediate write-off method.

The Groups adopts perpetual inventory system.

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the cost of inventories is higher than the net realizable value, a provision for decline in value of inventories is recognized in profit or loss for the current period. If factors that previously resulted in the provision for decline in value of inventories no longer exist, so that the net realizable value is higher than the carrying amount, the amount of the write-down is reversed. The reversal is limited to the amount originally provided for the decline in value of inventories. The amount of the reversal is recognized in profit or loss for the current period.

三、重要會計政策及會計估計(續)

10. 應收款項(續)

(3) *單項金額不重大但單獨計提壞賬準備的應收款項*

本集團對於單項金額不重大但存在客觀證據表明該應收款項發生減值的，本集團根據其未來現金流量現值低於其賬面價值的差額，計提壞賬準備，計入當期損益。

對於有確鑿證據表明應收款項確實無法收回時，如債務單位已撤銷、破產、資不抵債、現金流量嚴重不足等，確認為壞賬，並沖銷已計提的壞賬準備。

11. 存貨

存貨包括在途物資、原材料、在產品、產成品、委托加工材料、自製半成品、周轉材料和二手車等。

存貨按照成本進行初始計量。存貨成本包括採購成本、加工成本和其他成本。發出存貨，採用加權平均法、先進先出法或個別計價法確定其實際成本。低值易耗品採用一次轉銷法進行攤銷。

存貨的盤存制度採用永續盤存制。

於資產負債表日，存貨按照成本與可變現淨值孰低計量，對成本高於可變現淨值的，計提存貨跌價準備，計入當期損益。如果以前計提存貨跌價準備的影響因素已經消失，使得存貨的可變現淨值高於其賬面價值，則在原先已計提的存貨跌價準備金額內，將以前減記的金額予以恢復，轉回的金額計入當期損益。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Inventories (Continued)

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The provision for decline in value of inventories is made on an individual basis or a category basis.

12. Assets classified as held-for-sale

Except for financial assets and deferred tax assets, corporate constituents (or non-current assets) are classified as held-for-sale if the following conditions are satisfied:

- (1) The constituent (or non-current asset) shall be ready for immediate sale merely under customary terms for this kind of constituent in its existing conditions;
- (2) Resolution has been made by the Group concerning the disposition of such constituent (or non-current asset) and, if required, shareholders' approval have been obtained;
- (3) Irrevocable transfer agreement has been entered into with transferee;
- (4) The transfer will be completed within one year.

Individual assets or disposal groups of non-current assets classified as held-for-sale are not subject to depreciation or amortization. They are measured at fair value less cost of disposal, but such amount shall not exceed the original carrying amount during a period where the conditions precedent to being held-for-sale are satisfied. The excess of the original carrying amount over fair value less cost of disposal shall be taken to profit and loss for the current period as loss on impairment of assets.

13. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, jointly controlled enterprises and associates.

三、重要會計政策及會計估計(續)

11. 存貨(續)

可變現淨值，是指在日常活動中，存貨的估計售價減去至完工時估計將要發生的成本、估計的銷售費用以及相關稅費後的金額。計提存貨跌價準備時按單個存貨項目或類別計提。

12. 劃分為持有待售的資產

同時滿足以下條件的企業組成部分(或非流動資產)，除金融資產、遞延所得稅資產之外，本集團將其劃分為持有待售：

- (1) 該組成部分(或非流動資產)必須在其當前狀況下僅根據出售此類組成部分的慣常條款即可立即出售；
- (2) 本集團已經就處置該組成部分(或非流動資產)作出決議，如按規定需得到股東批准的，已經取得股東大會的批准；
- (3) 已經與受讓方簽訂了不可撤銷的轉讓協議；
- (4) 該項轉讓將在一年內完成。

劃分為持有待售的非流動資產的單項資產和處置組，不計提折舊或攤銷，也不採用權益法進行會計處理，按照公允價值減去處置費用後的金額計量，但不得超過符合持有待售條件時的原賬面價值。原賬面價值高於公允價值減去處置費用後的差額，作為資產減值損失計入當期損益。

13. 長期股權投資

長期股權投資包括對子公司、合營企業和聯營企業的權益性投資。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Long-term equity investments (Continued)

A long-term equity investment is initially recorded at its initial investment cost on acquisition. For a long-term equity investment acquired under business combination involving entities under common control, the initial investment cost is determined as the initial investment cost of the long-term equity investment is the carrying value of the absorbing party's share of the owner's equity of the party being absorbed as of the date of business combination on the consolidated financial statements of the ultimate controller. The difference between the initial investment cost and the carrying value of the consideration for combination is adjusted to capital reserve (or charged against retained earnings if there is any shortfall). Other comprehensive income held prior to the acquisition date is accounted for on the same basis as where the assets or liabilities are directly disposed of by the investee in disposing of such assets or liabilities. Owners' equity recognized as a result of changes in other owners' equity of the investee other than net gains and losses, other comprehensive income and profit appropriation is taken to profit and loss for the current period upon the disposal of such investment. In particular, those which remain as long-term equity investments upon disposal are carried forward in proportion, and those which are converted to financial instruments upon disposal are carried forward in full. For a long-term equity investment acquired through a business combination involving entities not under common control, the initial investment cost is the cost of business combination (Business combination involving entities not under common control which is achieved after multiple transactions, the initial investment cost is the sum of carrying value of equity investments of the acquiree held prior to the date of acquisition and the addition to investment cost on the date of acquisition). Cost of business combination includes the sum of fair values of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer. Other comprehensive income recognized on equity method held prior to the date of acquisition is accounted for on the same basis as where the assets or liabilities are directly disposed of by the investee in disposing of such assets or liabilities. Accumulated fair value change of equity investments held prior to the date of acquisition being taken to other comprehensive income as financial instrument is taken to profit or loss for the current period under cost method. Long-term equity investments acquired by means other than business combination, initial investment cost is determined as follows: for a long-term equity investment acquired by paying cash, the initial investment cost is the actual purchase price paid and those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; for a long-term equity investment acquired by the issue of equity securities, the initial investment cost is the fair value of the equity securities issued. For a long-term equity investment acquired by the swap of non-monetary assets, initial investment cost is determined based on Accounting Standard for Business Enterprises No. 7 – Swap of Non-monetary Assets. For a long-term equity investment acquired by way of debt restructuring, initial investment cost is determined based on Accounting Standard for Business Enterprises No. 12 – Debt Restructuring.

三、重要會計政策及會計估計(續)

13. 長期股權投資(續)

長期股權投資在取得時以初始投資成本進行初始計量。通過同一控制下的企業合併取得的長期股權投資，以合併日取得被合併方所有者權益在最終控制方合併財務報表中的賬面價值的份額作為初始投資成本；初始投資成本與合併對價賬面價值之間差額，調整資本公積(不足沖減的，沖減留存收益)；合併日之前的其他綜合收益，在處置該項投資時採用與被投資單位直接處置相關資產或負債相同的基礎進行會計處理，因被投資方除淨損益、其他綜合收益和利潤分配以外的其他股東權益變動而確認的股東權益，在處置該項投資時轉入當期損益；其中，處置後仍為長期股權投資的按比例結轉，處置後轉換為金融工具的則全額結轉。通過非同一控制下的企業合併取得的，以合併成本作為初始投資成本(通過多次交易分步實現非同一控制下的企業合併的，以購買日之前所持被購買方的股權投資的賬面價值與購買日新增投資成本之和作為初始投資成本)，合併成本包括購買方付出的資產、發生或承擔的負債、發行的權益性證券的公允價值之和；購買日之前持有的因採用權益法核算而確認的其他綜合收益，在處置該項投資時採用與被投資單位直接處置相關資產或負債相同的基礎進行會計處理；購買日之前持有的股權投資作為金融工具計入其他綜合收益的累計公允價值變動在改按成本法核算時轉入當期損益。除企業合併形成的長期股權投資以外方式取得的長期股權投資，按照下列方法確定初始投資成本：支付現金取得的，以實際支付的購買價款及與取得長期股權投資直接相關的費用、稅金及其他必要支出作為初始投資成本；發行權益性證券取得的，以發行權益性證券的公允價值作為初始投資成本。通過非貨幣性資產交換取得的，按照《企業會計準則第7號—非貨幣性資產交換》確定初始投資成本；通過債務重組取得的，按照《企業會計準則第12號—債務重組》確定初始投資成本。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Long-term equity investments (Continued)

For a long-term equity investment where the Company can exercise control over the investee, the Company uses the cost method in the Company's financial statements. Control refers to the power over an investee, and exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns.

Under the cost method, the long-term equity investment is measured at its initial investment cost. For addition or reduction of investments, the cost of long-term equity investments is adjusted. Cash dividend or profit distribution declared by an investee is recognized as profit or loss in the current period.

The equity method is adopted for a long-term equity investment when the Group holds joint control, or exercises significant influence on the investee. Joint control refers to the contractually-agreed shared control over an arrangement and related activities under such arrangement shall be decided upon with the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but cannot control or jointly control with other parties over the formulation of those policies.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the investing entity's interest in the fair values of the investee's identifiable net assets at the acquisition date, the excess is included in the initial investment cost. Where the initial investment cost is less than the investing entity's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference is charged to profit or loss for the current period, and the cost of the long-term equity investment is adjusted accordingly.

三、重要會計政策及會計估計(續)

13. 長期股權投資(續)

本公司能夠對被投資單位實施控制的長期股權投資，在本公司個別財務報表中採用成本法核算。控制，是指擁有對被投資方的權力，通過參與被投資方的相關活動而享有可變回報，並且有能力運用對被投資方的權力影響回報金額。

採用成本法時，長期股權投資按初始投資成本計價。追加或收回投資的，調整長期股權投資的成本。被投資單位宣告分派的現金股利或利潤，確認為當期投資收益。

本集團對被投資單位具有共同控制或重大影響的，長期股權投資採用權益法核算。共同控制，是指按照相關約定對某項安排所共有的控制，並且該安排的相關活動必須經過分享控制權的參與方一致同意後才能決策。重大影響，是指對被投資單位的財務和經營政策有參與決策的權力，但並不能夠控制或者與其他方一起共同控制這些政策的制定。

採用權益法時，長期股權投資的初始投資成本大於投資時應享有被投資單位可辨認淨資產公允價值份額的，歸入長期股權投資的初始投資成本；長期股權投資的初始投資成本小於投資時應享有被投資單位可辨認淨資產公允價值份額的，其差額計入當期損益，同時調整長期股權投資的成本。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Long-term equity investments (Continued)

Under the equity method, the Group recognizes its share of the net profits or losses and other comprehensive income made by the investee as investment income or losses and other comprehensive income after the acquisition of the long-term equity investments, and adjusts the carrying amount of the investment accordingly. The Group recognizes its share of the investee's net profits or losses after making appropriate adjustments to the investee's net profits based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods, and eliminating the portion of the profits or losses arising from internal transactions with its jointly controlled enterprises and associates, attributable to the investing entity according to its share ratio (but impairment losses for assets arising from internal transactions shall be recognized in full). The carrying amount of the investment is reduced accordingly based on the Group's share of any profit distributions or cash dividends declared by the investee. The Group's share of net losses of the investee is recognized to the extent the carrying amount of the investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero, except that the Group has incurred obligations to assume additional losses. The Group adjusts the carrying amount of the long-term equity investment for any changes in owners' equity of the investee (other than net profits or losses, other comprehensive income and profit distribution) and includes the corresponding adjustments in the shareholders' equity.

三、重要會計政策及會計估計(續)

13. 長期股權投資(續)

採用權益法時，取得長期股權投資後，按照應享有或應分擔的被投資單位實現的淨損益和其他綜合收益的份額，分別確認投資損益和其他綜合收益並調整長期股權投資的賬面價值。在確認應享有被投資單位淨損益的份額時，以取得投資時被投資單位可辨認資產等的公允價值為基礎，按照本集團的會計政策及會計期間，並抵銷與聯營企業及合營企業之間發生的內部交易損益按照應享有的比例計算歸屬於投資方的部分(但內部交易損失屬於資產減值損失的，應全額確認)，對被投資單位的淨利潤進行調整後確認，但投出或出售的資產構成業務的除外。按照被投資單位宣告分派的利潤或現金股利計算應享有的部分，相應減少長期股權投資的賬面價值。本集團確認被投資單位發生的淨虧損，以長期股權投資的賬面價值以及其他實質上構成對被投資單位淨投資的長期權益減記至零為限，本集團負有承擔額外損失義務的除外。對於被投資單位除淨損益、其他綜合收益和利潤分配以外股東權益的其他變動，調整長期股權投資的賬面價值並計入股東權益。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Long-term equity investments (Continued)

On disposal of the long-term equity investments, the difference between book value and market price is recognized in profit or loss for the current period. For long-term equity investments under equity method, when the use of the equity method is discontinued, other comprehensive income previously accounted for under the equity method shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Shareholders' equity recognised as a result of changes in shareholders' equity other than the net-off of profit and loss, other comprehensive income and profit allocation of the investee shall be transferred in full to current profit and loss. If the equity method remains in use, other comprehensive income previously accounted for under the equity method shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee and transferred to current profit and loss on a pro-rata basis. Shareholders' equity recognised as a result of changes in shareholders' equity other than the net-off of profit and loss, other comprehensive income and profit allocation of the investee shall be transferred to current profit and loss on a pro-rata basis.

14. Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property includes a land use right that is leased out and a building that is leased out.

An investment property is measured initially at its cost. If the economic benefits relating to an investment property will probably flow in and the cost can be reliably measured, subsequent costs incurred for the property is included in the cost of the investment property. Otherwise, subsequent costs are recognized in profit or loss for the period in which they are incurred.

三、重要會計政策及會計估計(續)

13. 長期股權投資(續)

處置長期股權投資，其賬面價值與實際取得價款的差額，計入當期損益。採用權益法核算的長期股權投資，終止採用權益法的，原權益法核算的相關其他綜合收益採用與被投資單位直接處置相關資產或負債相同的基礎進行會計處理，因被投資方除淨損益、其他綜合收益和利潤分配以外的其他股東權益變動而確認的股東權益，全部轉入當期損益；仍採用權益法的，原權益法核算的相關其他綜合收益採用與被投資單位直接處置相關資產或負債相同的基礎進行會計處理並按比例轉入當期損益，因被投資方除淨損益、其他綜合收益和利潤分配以外的其他股東權益變動而確認的股東權益按相應的比例轉入當期損益。

14. 投資性房地產

投資性房地產，是指為賺取租金或資本增值，或兩者兼有而持有的房地產，包括已出租的土地使用權、已出租的建築物。

投資性房地產按照成本進行初始計量。與投資性房地產有關的後續支出，如果與該資產有關的經濟利益很可能流入且其成本能夠可靠地計量，則計入投資性房地產成本。否則，於發生時計入當期損益。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Investment property (Continued)

The Group uses the cost model for subsequent measurement of its investment property. Depreciation or amortization is calculated on the straight-line basis over its useful life, as follows:

Item 項目	Expected useful life (years) 預計使用壽命(年)	Expected net rate of residual value 預計淨殘值率(%)	Annual depreciation 年折舊率(%)
Land use rights 土地使用權	48.5–50年 years	0	2.00–2.06
Houses and buildings 房屋及建築物	14.5–30年 years	0–5	3.17–6.90

15. Fixed assets

A fixed asset is recognized only when the economic benefits associated with the asset will probably flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditure incurred for a fixed asset that meet the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognized. Otherwise, such expenditure shall be recognized in profit or loss for the period in which they are incurred.

Fixed assets are initially measured at cost. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable expenditure for bringing the asset to working condition for its intended use. Other than fixed assets arising from the use and appropriation of safety funds, special reserve offset against the cost of fixed assets, and equivalent amounts of accumulated depreciation recognized; and certain equipment of the parent company, and machinery and equipment of certain subsidiaries namely Weichai America Corp., Shaanxi Fast Gear Co., Ltd., Baoji Fast Gear Co., Ltd. and Xi'an Fast Auto Drive Co., Ltd., for which double-declining balance method is used for depreciation, the straight line method is adopted for the depreciation of other fixed assets.

三、重要會計政策及會計估計(續)

14. 投資性房地產(續)

本集團採用成本模式對投資性房地產進行後續計量，在其使用壽命內採用直線法計提折舊或攤銷。列示如下：

15. 固定資產

固定資產僅在與其有關的經濟利益很可能流入本集團，且其成本能夠可靠地計量時才予以確認。與固定資產有關的後續支出，符合該確認條件的，計入固定資產成本，並終止確認被替換部分的賬面價值；否則，於發生時計入當期損益。

固定資產按照成本進行初始計量。購置固定資產的成本包括購買價款，相關稅費，以及為使固定資產達到預定可使用狀態前所發生的可直接歸屬於該項資產的其他支出。除使用提取的安全生產費形成的固定資產，按照形成固定資產的成本沖減專項儲備，並確認相同金額的累計折舊；以及本公司部分設備、子公司濰柴北美公司、陝西法士特齒輪有限公司、寶雞法士特齒輪有限公司及西安法士特汽車傳動有限公司的機器設備折舊採用雙倍餘額遞減法之外，其他固定資產折舊均採用直線法。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Fixed assets (Continued)

The expected useful lives, net residual value rates and annual depreciation rates of fixed assets are presented as follows:

Item	項目	Expected useful life (years) 預計使用壽命 (年)	Expected net residual value rate (%) 預計淨殘值率 (%)	Annual depreciation rate (%) 年折舊率 (%)
Land use rights	土地所有權	indefinite 無期限	0	0
Houses and buildings	房屋及建築物	10–50	0–5	1.90–10.00
Machinery and equipment	機器設備	3–15	0–5	6.33–33.33
Vehicles	運輸設備	4–10	0–5	9.50–25.00
Electronic equipment	電子設備	2–15	0–5	6.33–50.00
Other equipment	其他設備	2–15	0–5	6.33–50.00
Forklift trucks and equipment leased out (long-term)	租出的叉車及設備(長期)	2–15	0	6.67–50.00
Forklift trucks and equipment leased out (short-term)	租出的叉車及設備(短期)	2–15	0	6.67–50.00

Forklift trucks and equipment leased out (long-term)

If the risks and rewards of the leased assets remains with KION GROUP AG, a subsidiary of the Company, as the lessor under an operating lease, the assets are reported as a separate item in the balance sheet and, being measured at cost and are depreciated. To fund leases, industrial trucks are generally sold by KION GROUP AG to leasing companies. The industrial trucks are then leased back to companies in the KION GROUP AG (head lease), who sub-lease them to external end customers (described below as "sale and leaseback sub-leases"). These long-term leases generally have a term of four to five years. If, in the case of sale and leaseback sub-leases, the risks and rewards incidental to the head lease are substantially borne by KION GROUP AG and are not transferred to the end customers, the corresponding assets are reported as forklift trucks and equipment leased out (long-term) under fixed assets. However, if substantially the risks and rewards incidental to the head lease are transferred to the end customers, a corresponding lease receivable is recognized. In both cases, the funding items for these long-term customer leases, which are funded for terms that match those of the leases, are recognized as lease liabilities.

三、重要會計政策及會計估計(續)

15. 固定資產(續)

各類固定資產的原始預計使用壽命、淨殘值率及年折舊率列示如下：

租出的叉車及設備(長期)

在經營租賃的情況下，本公司之子公司KION GROUP AG作為出租人保留了租賃資產相關的風險與報酬，相關資產在財務報表附註中單獨披露，租賃資產以成本計量，並計提折舊。為滿足融資需求，KION GROUP AG通常將工業叉車銷售給第三方租賃公司，然後再租回到KION GROUP AG內部的公司(首次租賃)，再轉租給外部最終用戶(以下稱為「售後租回再轉租」)，租賃期通常為4到5年。如果售後租回再轉租的首次租賃的風險報酬仍然由KION GROUP AG承擔，同時也未通過轉租轉移給最終客戶，則相應資產列示為固定資產項下的租出的叉車及設備(長期)。如果風險報酬轉移給了最終客戶，則確認相應應收租賃款項。上述兩種情況下，與租賃期相匹配的長期租賃融資項目確認為租賃負債。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Fixed assets (Continued)

Forklift trucks and equipment leased out (short-term)

Forklift trucks and equipment leased out (short-term) arises from short-term rental transactions as well as the sale of industrial trucks in relation to which significant risks and rewards remain with KION GROUP AG ("sale with risk").

In the case of short-term rentals, Linde Material Handling Ltd ("LMH") and STILL Materials Handling Ltd ("STILL") under KION GROUP AG, a subsidiary group under the Company rent industrial trucks to customers directly. Short-term rental agreements usually have a term within one year. The significant risks and rewards remain with the aforesaid companies. The industrial trucks are carried at cost and depreciated over the normal useful life, depending on the product group.

In an indirect leasing arrangement, industrial trucks are sold to finance partners who then enter into leases with end customers. If LMH and STILL provide material residual value guarantees or a customer default guarantee ("sale with risk"), the trucks are recognized as assets in the balance sheet at their cost on the date of the sale and written down to their guaranteed residual value, or zero, on a straight-line basis over the period until the customer default guarantee expires. If the Company provides a residual value guarantee to LMH and STILL, an amount equivalent to the residual value obligation is recognized under financial liabilities.

For fixed assets leased in under finance lease, depreciation for leased assets is provided for using policy similar to that applied to self-owned fixed assets. When it can be reasonably determined that the ownership of a leased asset will be obtained at the end of the lease term, it is depreciated over the period of expected use; otherwise, the lease asset is depreciated over the shorter period of the lease term and its useful life.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each year-end, and make adjustments if necessary.

三、重要會計政策及會計估計(續)

15. 固定資產(續)

租出的叉車及設備(短期)

租出的叉車及設備(短期)產生於短期租賃交易和主要風險報酬仍由KION GROUP AG承擔的售出工業叉車(保留風險銷售)。

在短期租賃情況下，本公司之子公司KION GROUP AG下屬Linde Material Handling(「LMH」)和STILL Materials Handling Ltd.(「STILL」)直接租賃給最終客戶，租賃期通常為1年以內，主要風險和報酬仍由上述公司承擔。工業叉車按成本計量，在正常使用年限內進行折舊，使用年限取決於所屬的產品類別。

在間接租賃協議情況下，工業叉車銷售給金融合作夥伴，再由金融合作夥伴租賃給最終客戶。如果LMH和STILL承擔主要的擔保餘額或違約風險保證(保留風險銷售)，則上述租出資產在出售時確認為資產負債表的資產項目，按成本計量，並在違約風險保證到期前按直線法折舊到擔保餘值或者零。對於LMH和STILL提供的餘值擔保，義務被確認為金融負債。

以融資租賃方式租入的固定資產採用與自有固定資產一致的政策計提租賃資產折舊。能夠合理確定租賃期屆滿時取得租賃資產所有權的，在租賃資產使用壽命內計提折舊，無法合理確定租賃期屆滿能夠取得租賃資產所有權的，在租賃期與租賃資產使用壽命兩者中較短的期間內計提折舊。

本集團至少於每年年度終了，對固定資產的使用壽命、預計淨殘值和折舊方法進行覆核，必要時進行調整。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. Construction in progress

The cost of construction in progress is determined according to the actual expenditure incurred for the construction, including all necessary construction expenditure incurred during the construction period, borrowing costs that shall be capitalized before the construction gets ready for its intended use and other relevant expenses.

A construction in progress is transferred to fixed asset when the asset is ready for its intended use.

17. Borrowing costs

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing of the funds. Borrowing costs include interest, amortization of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings.

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. The amounts of other borrowing costs incurred are recognized as an expense in the period in which they are incurred. Qualifying assets are assets (fixed assets, investment property and inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

The capitalization of borrowing costs commences only when all of the following conditions are satisfied:

- (1) expenditures for the asset are being incurred;
- (2) borrowing costs are being incurred;
- (3) activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

三、重要會計政策及會計估計(續)

16. 在建工程

在建工程成本按實際工程支出確定，包括在建期間發生的各項必要工程支出、工程達到預定可使用狀態前的應予資本化的借款費用以及其他相關費用等。

在建工程在達到預定可使用狀態時轉入固定資產。

17. 借款費用

借款費用，是指本集團因借款而發生的利息及其他相關成本，包括借款利息、折價或者溢價的攤銷、輔助費用以及因外幣借款而發生的匯兌差額等。

可直接歸屬於符合資本化條件的資產的購建或者生產的借款費用，予以資本化，其他借款費用計入當期損益。符合資本化條件的資產，是指需要經過相當長時間的購建或者生產活動才能達到預定可使用或者可銷售狀態的固定資產、投資性房地產和存貨等資產。

借款費用同時滿足下列條件的，才能開始資本化：

- (1) 資產支出已經發生；
- (2) 借款費用已經發生；
- (3) 為使資產達到預定可使用或者可銷售狀態所必要的購建或者生產活動已經開始。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Borrowing costs (Continued)

Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Any borrowing costs subsequently incurred are recognized as an expense in the period in which they are incurred.

During the capitalization period, the amount of interest to be capitalized for each accounting period shall be determined as follows:

- (1) where funds are borrowed for a specific purpose, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds.
- (2) where funds are borrowed for a general purpose, the amount of interest to be capitalized on such borrowings is determined by applying a weighted average interest rate to the weighted average of the excess amounts of accumulated expenditure on the asset over and above the amounts of specific-purpose borrowings.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted by activities other than those necessary to prepare the asset for its intended use or sale, when the interruption is for a continuous period of more than 3 months. Borrowing costs incurred during these periods are recognized as an expense for the current period until the acquisition, construction or production is resumed.

18. Intangible assets

An intangible asset shall be recognized only when it is probable that the economic benefit associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. However, intangible assets acquired in a business combination with a fair value that can be measured reliably are recognized separately as intangible assets and measured at the fair value.

三、重要會計政策及會計估計(續)

17. 借款費用(續)

購建或者生產符合資本化條件的資產達到預定可使用或者可銷售狀態時，借款費用停止資本化。之後發生的借款費用計入當期損益。

在資本化期間內，每一會計期間的利息資本化金額，按照下列方法確定：

- (1) 專門借款以當期實際發生的利息費用，減去暫時性的存款利息收入或投資收益後的金額確定。
- (2) 佔用的一般借款，根據累計資產支出超過專門借款部分的資產支出加權平均數乘以所佔用一般借款的加權平均利率計算確定。

符合資本化條件的資產在購建或者生產過程中，發生除達到預定可使用或者可銷售狀態必要的程序之外的非正常中斷、且中斷時間連續超過3個月的，暫停借款費用的資本化。在中斷期間發生的借款費用確認為費用，計入當期損益，直至資產的購建或者生產活動重新開始。

18. 無形資產

無形資產僅在與其有關的經濟利益很可能流入本集團，且其成本能夠可靠地計量時才予以確認，並以成本進行初始計量。但非同一控制下企業合併中取得的無形資產，其公允價值能夠可靠地計量的，即單獨確認為無形資產並按照公允價值計量。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Intangible assets (Continued)

The useful life of an intangible asset is determined according to the period over which it is expected to generate economic benefits for the Group. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

The original useful lives of the intangible assets are as follows:

		Useful life (years) 使用壽命(年)
Technology know-how	專有技術	3–20 years 3–20年
Land use rights	土地使用權	30–50 years 30–50年
Software	軟件	2–10 years 2–10年
License	特許權	3–15 years 3–15年
Orders on hand	在手訂單	1–25 years 1–25年
Customer relationship	客戶關係	2–17 years 2–17年
Intangible assets arising from in-house research and development	內部研發形成無形資產	5–7 years 5–7年
Others	其他	3–10 years 3–10年
Trademark rights	商標使用權	indefinite 不確定

Land use rights that are acquired by the Group are generally accounted for as intangible assets. Buildings, such as plants that are developed and constructed by the Group, and relevant land use rights and buildings, are accounted for as intangible assets and fixed assets, respectively. Payments for the land and buildings acquired are allocated between the land use rights and the buildings; if they cannot be reasonably allocated, all of the land use rights and buildings are accounted for as fixed assets.

An intangible asset with a finite useful life is amortized using the straight-line method over its useful life. For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at least at each year-end and makes adjustment if necessary.

三、重要會計政策及會計估計(續)

18. 無形資產(續)

無形資產按照其能為本集團帶來經濟利益的期限確定使用壽命，無法預見其為本集團帶來經濟利益期限的作為使用壽命不確定的無形資產。

各項無形資產的原始使用壽命如下：

本集團取得的土地使用權，通常作為無形資產核算。自行開發建造廠房等建築物，相關的土地使用權和建築物分別作為無形資產和固定資產核算。外購土地及建築物支付的價款在土地使用權和建築物之間進行分配，難以合理分配的，全部作為固定資產處理。

使用壽命有限的無形資產，在其使用壽命內採用直線法攤銷。本集團至少於每年年度終了，對使用壽命有限的無形資產的使用壽命及攤銷方法進行覆核，必要時進行調整。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Intangible assets (Continued)

An intangible asset with an indefinite useful life are tested for impairment at least once every year, irrespective of whether there is any indication that the asset may be impaired. This category of intangible assets will not be amortized and will be reviewed every accounting period based on its useful life. If there are evidence indicates that its useful life is limited, the asset will be accounted for in accordance to the policy for intangible asset with definite useful life stated above.

The Group classifies the expenditure on an internal research and development project into expenditure on the research phase and expenditure on the development phase. Expenditure on the research phase is recognized in profit or loss for the period in which it is incurred. Expenditure on the development phase is capitalized when the Group can demonstrate all of the following: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) the intention to complete the intangible asset and use or sell it; (iii) how the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (iv) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and (v) its ability to measure reliably the expenditure attributable to the intangible asset during its development. Expenditure in the development phase that does not meet the above criteria is recognized in profit or loss for the period in which it is incurred.

19. Impairment of assets

The Group determines the impairment of assets, other than the impairment of inventories, deferred income taxes, financial assets and assets classified as held-for-sale, using the following methods:

三、重要會計政策及會計估計(續)

18. 無形資產(續)

對使用壽命不確定的無形資產，無論是否存在減值蹟象，每年均進行減值測試。此類無形資產不予攤銷，在每個會計期間對其使用壽命進行覆核。如果有證據表明使用壽命是有限的，則按上述使用壽命有限的無形資產的政策進行會計處理。

本集團將內部研究開發項目的支出，區分為研究階段支出和開發階段支出。研究階段的支出，於發生時計入當期損益。開發階段的支出，只有在同時滿足下列條件時，才能予以資本化，即：完成該無形資產以使其能夠使用或出售在技術上具有可行性；具有完成該無形資產並使用或出售的意圖；無形資產產生經濟利益的方式，包括能夠證明運用該無形資產生產的產品存在市場或無形資產自身存在市場，無形資產將在內部使用的，能夠證明其有用性；有足夠的技術、財務資源和其他資源支持，以完成該無形資產的開發，並有能力使用或出售該無形資產；歸屬於該無形資產開發階段的支出能夠可靠地計量。不滿足上述條件的開發支出，於發生時計入當期損益。

19. 資產減值

本集團對除存貨、遞延所得稅、金融資產、劃分為持有待售的資產外的資產減值，按以下方法確定：

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Impairment of assets (Continued)

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs test for impairment. Goodwill arising from a business combination and an intangible asset with an indefinite useful life are tested for impairment at least at each year-end, irrespective of whether there is any indication that the asset may be impaired. Intangible assets that have not been ready for intended use are tested for impairment each year.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flow expected to be derived from the asset. The Group estimates the recoverable amount on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The reduction in carrying amount is recognized in profit or loss for the current period. A provision for impairment of the asset is recognized accordingly.

For the purpose of impairment testing, the carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis, to each of the related asset groups; if it is impossible to allocate to the related asset groups, it is allocated to each of the related sets of asset groups. Each of the related asset groups or sets of asset groups is an asset group or set of asset group that is able to benefit from the synergies of the business combination and shall not be larger than a reportable segment determined by the Group.

三、重要會計政策及會計估計(續)

19. 資產減值(續)

本集團於資產負債表日判斷資產是否存在可能發生減值的蹟象，存在減值蹟象的，本集團將估計其可收回金額，進行減值測試。對因企業合併所形成的商譽和使用壽命不確定的無形資產，無論是否存在減值蹟象，至少於每年末進行減值測試。對於尚未達到可使用狀態的無形資產，也每年進行減值測試。

可收回金額根據資產的公允價值減去處置費用後的淨額與資產預計未來現金流量的現值兩者之間較高者確定。本集團以單項資產為基礎估計其可收回金額；難以對單項資產的可收回金額進行估計的，以該資產所屬的資產組為基礎確定資產組的可收回金額。資產組的認定，以資產組產生的主要現金流入是否獨立於其他資產或者資產組的現金流入為依據。

當資產或者資產組的可收回金額低於其賬面價值時，本集團將其賬面價值減記至可收回金額，減記的金額計入當期損益，同時計提相應的資產減值準備。

就商譽的減值測試而言，對於因企業合併形成的商譽的賬面價值，自購買日起按照合理的方法分攤至相關的資產組；難以分攤至相關的資產組的，將其分攤至相關的資產組組合。相關的資產組或者資產組組合，是能夠從企業合併的協同效應中受益的資產組或者資產組組合，且不大於本集團確定的報告分部。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Impairment of assets (Continued)

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment, if there is any indication of impairment, the Group firstly tests the asset group or set of asset groups excluding the amount of goodwill allocated for impairment, determines the recoverable amount and recognizes any impairment loss. After that, the Group tests the asset group or set of asset groups including goodwill for impairment, whereby the carrying amount of the related asset group or set of asset groups is compared to its recoverable amount. If the carrying amount of the asset group or set of asset groups is higher than its recoverable amount, the amount of the impairment loss firstly reduces the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then reduce the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, pro rata on the basis of the carrying amount of each asset.

Once the above impairment loss is recognized, it cannot be reversed in subsequent accounting periods.

20. Long-term prepaid expenses

Long-term prepaid expenses are amortized using straight-line method with amortization period as follows:

		Amortization period (years) 攤銷期(年)
Industrial mould fee	工裝模具費	1-5
Industrial equipment fee	工位器具費	5
Expenditure on improvement of fixed assets leased in	租入固定資產改良支出	The shorter of useful life and lease term 使用壽命與租賃期孰短

21. Payroll

Payroll are all forms of consideration or compensation given by the Group for obtaining services rendered by employees or for terminating working relationship. Payroll include short-term remuneration, post-employment benefits, severance benefits and other long-term staff benefits. The benefits provided to spouses, children, persons receiving maintenance, widows or widowers of deceased staff and other beneficiaries are also included in payroll.

三、重要會計政策及會計估計(續)

19. 資產減值(續)

對包含商譽的相關資產組或者資產組組合進行減值測試時，如與商譽相關的資產組或者資產組組合存在減值跡象的，首先對不包含商譽的資產組或者資產組組合進行減值測試，計算可收回金額，確認相應的減值損失。然後對包含商譽的資產組或者資產組組合進行減值測試，比較其賬面價值與可收回金額，如可收回金額低於賬面價值的，減值損失金額首先抵減分攤至資產組或者資產組組合中商譽的賬面價值，再根據資產組或者資產組組合中除商譽之外的其他各項資產的賬面價值所佔比重，按比例抵減其他各項資產的賬面價值。

上述資產減值損失一經確認，在以後會計期間不再轉回。

20. 長期待攤費用

長期待攤費用採用直線法攤銷，攤銷期如下：

		Amortization period (years) 攤銷期(年)
Industrial mould fee	工裝模具費	1-5
Industrial equipment fee	工位器具費	5
Expenditure on improvement of fixed assets leased in	租入固定資產改良支出	The shorter of useful life and lease term 使用壽命與租賃期孰短

21. 職工薪酬

職工薪酬，是指本集團為獲得職工提供的服務或解除勞動關係而給予的除股份支付以外各種形式的報酬或補償。職工薪酬包括短期薪酬、離職後福利、辭退福利和其他長期職工福利。本集團提供給職工配偶、子女、受贍養人、已故員工遺屬及其他受益人等的福利，也屬於職工薪酬。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. Payroll (Continued)

Short-term remuneration

Short-term remuneration actually incurred during the accounting period in which the staff members provide services are recognized as liability and taken to the profit and loss for the current period or the costs of the relevant asset.

Post-employment benefits (Defined contribution plan)

The employees of the Group participate in pension insurance administered by local governments. The relevant expenditure is recognized, when incurred, in the costs of relevant assets or the profit and loss for the current period.

Post-employment benefits (Defined benefit plan)

Some overseas subsidiaries of the group operate defined benefit pension plan, under which contributions shall be made to a separately-administered fund. The cost of providing benefits under the defined benefit pension plan is determined using the projected unit credit method.

Any re-measurements arising from the defined benefit pension plan, including actuarial gains and losses, change to the effect on maximum assets (net of amounts included under net interest) and return on assets under the plan (net of amount included under net interest), are recognized immediately in balance sheet, and included as incurred in owners' equity through other comprehensive income. No reversal to profit or loss will be made in subsequent periods.

Previous service costs are recognized as expenses for the current period on the earlier of the following dates: when amendments are made to the defined benefit plan; or when the Group recognizes the relevant reorganization costs or severance benefits.

三、重要會計政策及會計估計(續)

21. 職工薪酬(續)

短期薪酬

在職工提供服務的會計期間，將實際發生的短期薪酬確認為負債，並計入當期損益或相關資產成本。

離職後福利(設定提存計劃)

本集團的職工參加由當地政府管理的養老保險和失業保險，還參加了企業年金，相應支出在發生時計入相關資產成本或當期損益。

離職後福利(設定受益計劃)

本集團的部分海外子公司運作設定受益退休金計劃，該等計劃要求向獨立管理的基金繳存費用。設定受益計劃下提供該福利的成本採用預期累積福利單位法。

設定受益退休金計劃引起的重新計量，包括精算利得或損失，資產上限影響的變動(扣除包括在設定受益計劃淨負債利息淨額中的金額)和計劃資產回報(扣除包括在設定受益計劃淨負債利息淨額中的金額)，均在資產負債表中立即確認，並在其發生期間通過其他綜合收益計入股東權益，後續期間不轉回至損益。

在下列日期孰早日將過去服務成本確認為當期費用：修改設定受益計劃時；本集團確認相關重組費用或辭退福利時。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. Payroll (Continued)

Post-employment benefits (Defined benefit plan) (Continued)

Net interest is calculated by multiplying the net liabilities or net assets under the defined benefit plan with the discount rate. Changes in the net obligations under the defined benefit plan are recognized under cost of sales, general and administrative expenses and finance expenses in the income statement. Costs of services include costs of services for the current period, costs of services for previous periods, and gains or losses on settlement. Net interest includes interest income accrued upon assets under the plan, interest expenses incurred due to obligations under the plan, and interest under the effect of maximum assets.

Severance benefits

Where the Group provides severance benefits to its employees, payroll payable arising from such severance benefits are recognized on the earlier of the following dates and included in profit or loss for the current period: when the company is unable to unilaterally withdraw the severance benefits provided under its plan to terminate working relationship with employees or redundancy plan; or when the company recognizes costs or expenses relating to reorganization involving the payment of severance benefits.

Other long-term staff benefits

For other long-term staff benefits provided to staff members, the provisions for post-employment benefits apply for recognizing and measuring the net liabilities or net assets for other long-term staff benefits, but movements are taken to profit and loss for the current period or the costs of the relevant assets.

22. Provisions

Except for contingent consideration transferred and contingent liability assumed in business combinations not involving entities under common control, the Group recognizes an obligation related to a contingency as a provision when all of the following conditions are satisfied:

- (1) the obligation is a present obligation of the Group;
- (2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation;
- (3) the amount of the obligation can be measured reliably.

三、重要會計政策及會計估計(續)

21. 職工薪酬(續)

離職後福利(設定受益計劃)(續)

利息淨額由設定受益計劃淨負債或淨資產乘以折現率計算而得。本集團在利潤表的營業成本、管理費用、財務費用中確認設定受益計劃淨義務的如下變動：服務成本，包括當期服務成本、過去服務成本和結算利得或損失；利息淨額，包括計劃資產的利息收益、計劃義務的利息費用以及資產上限影響的利息。

辭退福利

本集團向職工提供辭退福利的，在下列兩者孰早日確認辭退福利產生的職工薪酬負債，並計入當期損益：企業不能單方面撤回因解除勞動關係計劃或裁減建議所提供的辭退福利時；企業確認與涉及支付辭退福利的重組相關的成本或費用時。

其他長期職工福利

向職工提供的其他長期職工福利，適用離職後福利的有關規定確認和計量其他長期職工福利淨負債或淨資產，但變動均計入當期損益或相關資產成本。

22. 預計負債

除了非同一控制下企業合併中的或有對價及承擔的或有負債之外，當與或有事項相關的義務同時符合以下條件，本集團將其確認為預計負債：

- (1) 該義務是本集團承擔的現時義務；
- (2) 該義務的履行很可能導致經濟利益流出本集團；
- (3) 該義務的金額能夠可靠地計量。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Provisions (Continued)

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed at the balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimate.

A contingent liability recognized in a business combination from the acquiree is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognized in accordance with the general guidance for provisions above; and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the guidance for revenue recognition.

23. Share-based payments

Share-based payments can be distinguished into equity-settled share-based payments and cash-settled share-based payments. Equity-settled share-based payments are transactions of the Group settled through the payment of shares or other equity instruments in consideration for receiving services.

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the capital reserve is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting the capital reserve accordingly at the fair value on the date of grant according to the best estimates conducted by the Group at each balance sheet date during the pending period based on subsequent information such as latest updates on the change in the number of entitled employees and whether performance conditions have been fulfilled, and etc. For the fair value of equity instruments, see Note XI.

三、重要會計政策及會計估計(續)

22. 預計負債(續)

預計負債按照履行相關現時義務所需支出的最佳估計數進行初始計量，並綜合考慮與或有事項有關的風險、不確定性和貨幣時間價值等因素。每個資產負債表日對預計負債的賬面價值進行覆核。有確鑿證據表明該賬面價值不能反映當前最佳估計數的，按照當前最佳估計數對該賬面價值進行調整。

企業合併中取得的被購買方或有負債在初始確認時按照公允價值計量，在初始確認後，按照預計負債確認的金額，和初始確認金額扣除收入確認原則確定的累計攤銷額後的餘額，以兩者之中的較高者進行後續計量。

23. 股份支付

股份支付，分為以權益結算的股份支付和以現金結算的股份支付。以權益結算的股份支付，是指本集團為獲取服務以股份或其他權益工具作為對價進行結算的交易。

以權益結算的股份支付換取職工提供服務的，以授予職工權益工具的公允價值計量。授予後立即可行權的，在授予日按照公允價值計入相關成本或費用，相應增加資本公積；完成等待期內的服務或達到規定業績條件才可行權的，在等待期內每個資產負債表日，本集團根據最新取得的可行權職工人數變動、是否達到規定業績條件等後續信息對可行權權益工具數量作出最佳估計，以此為基礎，按照授予日的公允價值，將當期取得的服務計入相關成本或費用，相應增加資本公積。權益工具的公允價值參見附註十一。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Share-based payments (Continued)

The cost of equity-settled transactions is recognised, together with a corresponding increase in capital reserve, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest because of the failure to satisfy non-market conditions and/or service term conditions. Where the share-based payment agreement stipulates market conditions or non-vesting conditions, it is treated as being able to be vested irrespective of whether or not the market conditions or non-vesting conditions are satisfied, provided that all other conditions about results of performance and/or conditions about service term are satisfied.

Where the terms of an equity-settled share-based payment are modified, as a minimum, services obtained are recognized as if the terms had not been modified. In addition, an expense is recognized for any modification which increases the total fair value of the instrument granted, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. Where employees or other parties are permitted to choose to fulfill non-vesting conditions but have not fulfilled during the pending period, equity-settled share-based payments are deemed cancelled. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the new awards are treated as if they were a modification of the original award.

三、重要會計政策及會計估計(續)

23. 股份支付(續)

在滿足業績條件和服務期限條件的期間，應確認以權益結算的股份支付的成本或費用，並相應增加資本公積。可行權日之前，於每個資產負債表日為以權益結算的股份支付確認的累計金額反映了等待期已屆滿的部分以及本集團對最終可行權的權益工具數量的最佳估計。

對由於未滿足非市場條件和/或服務期限條件而最終未能行權的股份支付，不確認成本或費用。股份支付協議中規定了市場條件或非可行權條件的，無論是否滿足市場條件或非可行權條件，只要滿足所有其他業績條件和/或服務期限條件，即視為可行權。

如果修改了以權益結算的股份支付的條款，至少按照未修改條款的情況確認取得的服務。此外，增加所授予權益工具公允價值的修改，或在修改日對職工有利的變更，均確認取得服務的增加。

如果取消了以權益結算的股份支付，則於取消日作為加速行權處理，立即確認尚未確認的金額。職工或其他方能夠選擇滿足非可行權條件但在等待期內未滿足的，作為取消以權益結算的股份支付處理。但是，如果授予新的權益工具，並在新權益工具授予日認定所授予的新權益工具是用於替代被取消的權益工具的，則以與處理原權益工具條款和條件修改相同的方式，對所授予的替代權益工具進行處理。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Share-based payments (Continued)

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the Group. Initial measurement is based on fair value as at the date of grant, and reference is made to the terms and conditions attached to the equity instruments. Refer to Note XI. If the right may be exercised immediately after the grant, the fair value of the liability undertaken by the enterprise shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly. If the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses at the fair value of the liability undertaken by the enterprise, and the liabilities shall be increased accordingly. On each balance sheet date prior to settlement of the relevant liabilities and on the settlement date, the fair value of the liability is re-measured and any change of fair value is taken to profit or loss for the current period.

24. Revenue

Revenue is recognized only when it is probable that the associated economic benefits will flow to the Group, its amount can be measured reliably, and the following conditions are satisfied.

Revenue From the Sales of Goods

Revenue is recognized when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; and the associated costs incurred or to be incurred can be measured reliably. The amount of revenue arising from the sale of goods is determined in accordance with the consideration received or receivable from the buyer under contract or agreement, except where the consideration received or receivable under contract or agreement is not fair. Where the consideration receivable under contract or agreement is deferred, such that the arrangement is in substance of a financing nature, the amount of revenue arising on the sale of goods is measured at the fair value of the consideration receivable under contract or agreement.

三、重要會計政策及會計估計(續)

23. 股份支付(續)

以現金結算的股份支付，按照本集團承擔的以股份或其他權益工具為基礎計算確定的負債的公允價值計量。初始按照授予日的公允價值計量，並考慮授予權益工具的條款和條件，參見附註十一。授予後立即可行權的，在授予日以承擔負債的公允價值計入成本或費用，相應增加負債；完成等待期內的服務或達到規定業績條件才可行權的，在等待期內以對可行權情況的最佳估計為基礎，按照承擔負債的公允價值，將當期取得的服務計入相關成本或費用，增加相應負債。在相關負債結算前的每個資產負債表日以及結算日，對負債的公允價值重新計量，其變動計入當期損益。

24. 收入

收入在經濟利益很可能流入本集團、且金額能夠可靠計量，並同時滿足下列條件時予以確認。

銷售商品收入

本集團已將商品所有權上的主要風險和報酬轉移給購貨方，並不再對該商品保留通常與所有權相聯繫的繼續管理權和實施有效控制，且相關的已發生或將發生的成本能夠可靠地計量，確認為收入的實現。銷售商品收入金額，按照從購貨方已收或應收的合同或協議價款確定，但已收或應收的合同或協議價款不公允的除外；合同或協議價款的收取採用遞延方式，實質上具有融資性質的，按照應收的合同或協議價款的公允價值確定。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Revenue (Continued)

Revenue From the Rendering of Services

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognized using the percentage of completion method, or otherwise, the revenue is recognized to the extent of costs incurred that are expected to be recoverable. The outcome of a transaction involving rendering of services can be estimated reliably when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the Group; the stage of completion of the transaction can be measured reliably; the costs incurred and to be incurred for the transaction can be measured reliably. The Group determines the stage of completion of a transaction involving the rendering of services by using the proportion of costs incurred to date to the estimated total costs. The total service revenue on a transaction involving rendering of services is determined in accordance with the consideration received or receivable from the recipient of services under contract or agreement, except where the consideration received or receivable under contract or agreement is not fair.

Revenue from the rendering of services is recognized during the accounting period in which the services are rendered. For the rendering of services across periods, the recognition shall be in proportion to the percentage of completion, namely the completion schedule of transaction. Revenue from long-term service agreements is recognized in stages based on the average terms of service agreements and accrued costs.

Revenue from financial service transactions is recognised in the amount of the sale value of the leased asset if classified as a finance lease and in the amount of the lease payments if classified as an operating lease. If industrial trucks are first sold to and then leased back from a finance partner to refinance leases, the selling margin in connection with an operating lease sub-lease is deferred and recognised as revenue in profit or loss over the term of the refinancing. As part of the financial services provided by the company, industrial trucks are also sold to finance partners who then enter into leases directly with the end customer ('indirect end customer finance'). If significant risks and rewards remain with the company as a result of an agreed residual value guarantee that accounts for more than 10 per cent of the asset's value or as a result of an agreed customer default guarantee ('sale with risk'), the proceeds from the sale are deferred and recognised as revenue on a straight-line basis over the term until the residual value guarantee or the default guarantee expires.

三、重要會計政策及會計估計(續)

24. 收入(續)

提供勞務收入

於資產負債表日，在提供勞務交易的結果能夠可靠估計的情況下，按完工百分比法確認提供勞務收入；否則按已經發生並預計能夠得到補償的勞務成本金額確認收入。提供勞務交易的結果能夠可靠估計，是指同時滿足下列條件：收入的金額能夠可靠地計量，相關的經濟利益很可能流入本集團，交易的完工進度能夠可靠地確定，交易中已發生和將發生的成本能夠可靠地計量。本集團以已經發生的成本佔估計總成本的比例確定提供勞務交易的完工進度。提供勞務收入總額，按照從接受勞務方已收或應收的合同或協議價款確定，但已收或應收的合同或協議價款不公允的除外。

提供勞務收入應在提供勞務的會計期間予以確認。對於跨期提供勞務的，應當按照完工百分比法確認提供勞務收入，即交易的完工進度。長期服務協議根據服務協議的平均期限和累計成本為基礎分期確認收入。

對於金融服務交易，融資租賃按照租賃資產的售價確認收入，經營租賃按照租金確認收入。如工業叉車先銷售給金融服務公司，再融資租賃回來並對出租，則這部分銷售毛利作為遞延收益，在融資期間內確認為收入；部分由企業提供的金融服務，如工業叉車先銷售給租賃公司，再由租賃公司出租給終端客戶。如果重大風險和報酬還留在企業內部，則企業保留貨款的10%以上作為擔保餘值/違約保證金，這部分收入將會確認為遞延收益，在租賃期內按直線法分期確認收入。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Revenue (Continued)

Revenue From the Rendering of Services (Continued)

Where the contracts or agreements entered into with other entities cover the sale of goods or provision of services, the portion of sale of goods and the portion of provision of services are dealt with separately if the two portions can be distinguished and separately measured. If the two portions cannot be distinguished, or can be distinguished but cannot be separately measured, such contract is fully taken as to relate to sale of goods.

Interest Income

It is determined according to the length of time for which the Group's cash and cash equivalents is used by others and the effective interest rate.

Royalty Income

It is determined according to period and method of charging as stipulated in the relevant contract or agreement.

Lease Income

Lease income from operating leases is recognized on a straight-line basis over the lease term. Contingent rents are charged to profit or loss in the period in which they actually arise.

25. Government grants

Government grant is recognized when the Group can comply with the conditions attached to it and it can be received. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value; if fair value is not reliably determinable, it is measured at a nominal amount.

Government grants for purchasing, building or forming long-term assets in other methods regulated in government documents are recognized as government grants related to assets. Judgments should be made based on the necessary basic conditions for obtaining the government grants when government documents are unclearly stated. Government grants with purchasing, building or forming long-term assets in other methods as basic conditions, are recognized as government grants related to assets, whereas the rest as government grants related to income.

三、重要會計政策及會計估計(續)

24. 收入(續)

提供勞務收入(續)

本集團與其他企業簽訂的合同或協議包括銷售商品和提供勞務時，如銷售商品部分和提供勞務部分能夠區分並單獨計量的，將銷售商品部分和提供勞務部分分別處理；如銷售商品部分和提供勞務部分不能夠區分，或雖能區分但不能夠單獨計量的，將該合同全部作為銷售商品處理。

利息收入

按照他人使用本集團貨幣資金的時間和實際利率計算確定。

使用費收入

按照有關合同或協議約定的收費時間和方法計算確定。

租賃收入

經營租賃的租金收入在租賃期內各個期間按照直線法確認，或有租金在實際發生時計入當期損益。

25. 政府補助

政府補助在能夠滿足其所附的條件並且能夠收到時，予以確認。政府補助為貨幣性資產的，按照收到或應收的金額計量。政府補助為非貨幣性資產的，按照公允價值計量；公允價值不能可靠取得的，按照名義金額計量。

政府文件規定用於購建或以其他方式形成長期資產的，作為與資產相關的政府補助；政府文件不明確的，以取得該補助必須具備的基本條件為基礎進行判斷，以購建或以其他方式形成長期資產為基本條件的作為與資產相關的政府補助，除此之外的作為與收益相關的政府補助。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Government grants (Continued)

A government grant related to income is accounted for as follows: (a) if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized; (b) if the grant is a compensation for related expenses or losses already incurred, it is recognized immediately in profit or loss for the current period. A government grant related to an asset shall be recognized as deferred income, and evenly amortized to profit or loss for the current period over the useful life of the related asset. However, a government grant measured at a nominal amount is recognized immediately in profit or loss for the current period.

26. Income tax

Income tax comprises current and deferred tax. Income tax is recognized as income or an expense in profit or loss for the current period, or recognized directly in shareholders' equity if it arises from a business combination or relates to a transaction or event which is recognized directly in shareholders' equity.

The Group measures a current tax asset or liability arising from the current and prior period based on the amount of income tax expected to be paid by the Group or returned by tax authority calculated by related tax laws.

For temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, and temporary differences between the carrying amounts and the tax bases of items, the tax bases of which can be determined for tax purposes, but which have not been recognized as assets and liabilities according to the tax laws, deferred taxes are provided using the liability method.

三、重要會計政策及會計估計(續)

25. 政府補助(續)

與收益相關的政府補助，用於補償以後期間的相關費用或損失的，確認為遞延收益，並在確認相關費用的期間計入當期損益；用於補償已發生的相關費用或損失的，直接計入當期損益。與資產相關的政府補助，確認為遞延收益，在相關資產使用壽命內平均分配，計入當期損益。但按照名義金額計量的政府補助，直接計入當期損益。

26. 所得稅

所得稅包括當期所得稅和遞延所得稅。除由於企業合併產生的調整商譽，或與直接計入股東權益的交易或者事項相關的計入股東權益外，均作為所得稅費用或收益計入當期損益。

本集團對於當期和以前期間形成的當期所得稅負債或資產，按照稅法規定計算的預期應交納或返還的所得稅金額計量。

本集團根據資產與負債於資產負債表日的賬面價值與計稅基礎之間的暫時性差異，以及未作為資產和負債確認但按照稅法規定可以確定其計稅基礎的項目的賬面價值與計稅基礎之間的差額產生的暫時性差異，採用資產負債表債務法計提遞延所得稅。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Income tax (Continued)

A deferred tax liability is recognized for all taxable temporary differences, except:

- (1) where the taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction which contains both of the following characteristics: (i) the transaction is not a business combination; and (ii) at the time of the transaction, it affects neither accounting profit nor taxable profit or deductible loss.
- (2) in respect of taxable temporary differences associated with investments in subsidiaries, jointly-controlled enterprises and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

A deferred tax asset is recognized for deductible temporary differences, carryforward of deductible tax losses from prior years and tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and deductible tax losses and tax credits can be utilized, except:

- (1) where the deductible temporary differences arises from a transaction that is not a business combination and, at the time of the transaction, neither the accounting profit nor taxable profit or deductible loss is affected.
- (2) in respect of the deductible temporary differences associated with investments in subsidiaries, associates and jointly-controlled enterprises, a deferred tax asset is only recognized to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the deductible temporary differences can be utilized in the future.

三、重要會計政策及會計估計(續)

26. 所得稅(續)

各種應納稅暫時性差異均據以確認遞延所得稅負債，除非：

- (1) 應納稅暫時性差異是在以下交易中產生的：商譽的初始確認，或者具有以下特徵的交易中產生的資產或負債的初始確認：該交易不是企業合併，並且交易發生時既不影響會計利潤也不影響應納稅所額或可抵扣虧損。
- (2) 對於與子公司、合營企業及聯營企業投資相關的應納稅暫時性差異，該暫時性差異轉回的時間能夠控制並且該暫時性差異在可預見的未來很可能不會轉回。

對於可抵扣暫時性差異、能夠結轉以後年度的可抵扣虧損和稅款抵減，本集團以很可能取得用來抵扣可抵扣暫時性差異、可抵扣虧損和稅款抵減的未來應納稅所得額為限，確認由此產生的遞延所得稅資產，除非：

- (1) 可抵扣暫時性差異是在以下交易中產生的：該交易不是企業合併，並且交易發生時既不影響會計利潤也不影響應納稅所得額或可抵扣虧損。
- (2) 對於與子公司、合營企業及聯營企業投資相關的可抵扣暫時性差異，同時滿足下列條件的，確認相應的遞延所得稅資產：暫時性差異在可預見的未來很可能轉回，且未來很可能獲得用來抵扣可抵扣暫時性差異的應納稅所得額。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Income tax (Continued)

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the balance sheet date and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities presented on a net basis are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities on a net basis and the deferred taxes relate to the same taxable entity and the same taxation authority.

27. Leases

A finance lease is a lease that transfers in substance all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

In the Case of the Lessee of an Operating Lease

Lease payments under an operating lease are recognized by a lessee on a straight-line basis over the lease term, and either included in the cost of the related asset or charged to profit or loss for the current period. Contingent rents are charged to profit or loss in the period in which they actually arise.

三、重要會計政策及會計估計(續)

26. 所得稅(續)

本集團於資產負債表日，對於遞延所得稅資產和遞延所得稅負債，依據稅法規定，按照預期收回該資產或清償該負債期間的適用稅率計量，並反映資產負債表日預期收回資產或清償負債方式的所得稅影響。

於資產負債表日，本集團對遞延所得稅資產的賬面價值進行覆核，如果未來期間很可能無法獲得足夠的應納稅所得額用以抵扣遞延所得稅資產的利益，減記遞延所得稅資產的賬面價值。於資產負債表日，本集團重新評估未確認的遞延所得稅資產，在很可能獲得足夠的應納稅所得額可供所有或部分遞延所得稅資產轉回的限度內，確認遞延所得稅資產。

如果擁有以淨額結算當期所得稅資產及當期所得稅負債的法定權利，且遞延所得稅與同一應納稅主體和同一稅收徵管部門相關，則將遞延所得稅資產和遞延所得稅負債以抵銷後的淨額列示。

27. 租賃

實質上轉移了與資產所有權有關的全部風險和報酬的租賃為融資租賃，除此之外的均為經營租賃。

作為經營租賃承租人

經營租賃的租金支出，在租賃期內各個期間按照直線法計入相關的資產成本或當期損益，或有租金在實際發生時計入當期損益。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Leases (Continued)

In the Case of the Lessor of an Operating Lease

Rent income under an operating lease is recognized by a lessor on a straight-line basis over the lease term, through profit or loss for the current period. Contingent rents are charged to profit or loss in the period in which they actually arise.

In the Case of the Lessee of a Finance Lease

At the commencement of lease term, for an asset leased in under finance lease, the difference between the book value of the leased-in asset, which is determined as the lower of the fair value of such leased asset as at the commencement of lease term and the present value of minimum lease payments, and the book value of long-term payables, which is determined as the minimum lease payments, is treated as unrecognized finance costs which is apportioned to the leasing period using effective interest rate method. Contingent rents are charged to profit or loss in the period in which they actually arise.

In the Case of the Lessor of a Finance Lease

At the commencement of lease term, for an asset leased out under finance lease, the book value of finance lease receivable is measured at the sum of minimum lease receipts and initial direct costs, whilst risk exposure shall be recorded simultaneously; and unrealized finance income shall be measured at the difference between the sum of minimum lease receipt, initial direct costs and risk exposure, and its present value. These are recognized using effective interest rate method during the leasing period. Contingent rents are charged to profit or loss in the period in which they actually arise.

28. Hedge accounting

For the purpose of hedge accounting, the Group adopts cash flow hedging against interest rate risks and exchange rate risks.

Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.

三、重要會計政策及會計估計(續)

27. 租賃(續)

作為經營租賃出租人

經營租賃的租金收入在租賃期內各個期間按直線法確認為當期損益，或有租金在實際發生時計入當期損益。

作為融資租賃承租人

融資租入的資產，於租賃期開始日將租賃開始日租賃資產的公允價值與最低租賃付款額現值兩者中較低者作為租入資產的入帳價值，將最低租賃付款額作為長期應付款的入帳價值，其差額作為未確認融資費用，在租賃期內各個期間採用實際利率法進行分攤。或有租金在實際發生時計入當期損益。

作為融資租賃出租人

融資租出的資產，於租賃期開始日將租賃開始日最低租賃收款額與初始直接費用之和作為應收融資租賃款的入帳價值，同時記錄未擔保餘值；將最低租賃收款額、初始直接費用及未擔保餘值之和與其現值之和的差額作為未實現融資收益，在租賃期內各個期間採用實際利率法進行確認。或有租金在實際發生時計入當期損益。

28. 套期會計

就套期會計方法而言，本集團對利率風險和匯率風險進行現金流量套期。

現金流量套期，是指對現金流量變動風險進行的套期，此現金流量變動源於與已確認資產或負債、很可能發生的預期交易有關的某類特定風險，或一項未確認的確定承諾包含的匯率風險。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Hedge accounting (Continued)

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised immediately in profit or loss.

Amounts recognized in other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs. If the hedged item is the cost of a non-financial assets or non-financial liability, the amount that would otherwise be recognized in other comprehensive income is transferred out in the same period as the profit or loss of that non-financial assets or non-financial liability, and recognized in profit or loss in current period.

If the hedging instrument expires or is sold, terminated or exercised (with the expiry of rollover of the hedging strategic component or unfulfilled replacement or the termination of processing of the contract), if its designation as a hedge is revoked, or if the hedge no longer fulfills the accounting requirement of a hedge, the amounts previously taken to other comprehensive income remain in other comprehensive income until the forecast transaction or firm commitment occurs or is fulfilled in actual terms.

三、重要會計政策及會計估計(續)

28. 套期會計(續)

在套期關係開始時，本集團對套期關係有正式指定，並準備了關於套期關係、風險管理目標和套期策略的正式書面文件。該文件載明瞭套期工具、被套期項目或交易，被套期風險的性質，以及本集團對套期工具有效性評價方法。套期有效性，是指套期工具的公允價值或現金流量變動能夠抵銷被套期風險引起的被套期項目公允價值或現金流量的程度。此類套期預期高度有效，並被持續評價以確保此類套期在套期關係被指定的會計期間內高度有效。

滿足套期會計方法的嚴格條件的，按如下方法進行處理：

現金流量套期

套期工具利得或損失中屬於有效套期的部分，直接確認為其他綜合收益，屬於無效套期的部分，計入當期損益。

如果被套期交易影響當期損益的，如當被套期財務收入或財務費用被確認或預期銷售發生時，則在其他綜合收益中確認的金額轉入當期損益。如果被套期項目是一項非金融資產或非金融負債的成本，則原在其他綜合收益中確認的金額，在該非金融資產或非金融負債影響損益的相同期間轉出，計入當期損益。

如果套期工具已到期、被出售、合同終止或已行使(但作為套期策略組成部分的展期或替換不作為已到期或合同終止處理)，或者撤銷了對套期關係的指定，或者該套期不再滿足套期會計方法的條件，則以前計入其他綜合收益的金額不轉出，直至預期交易實際發生或確定承諾履行。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Repurchase of shares

Consideration and transaction costs paid for the repurchase of the Company's own equity instruments are charged against shareholders' equity. Other than share-based payments, issuance (including refinancing), repurchase, sale or cancellation of its own equity instruments is treated as change in equity.

30. Profit appropriation

Interim and final cash dividends are recognized as liabilities upon approval by shareholders in general meeting.

31. Safety funds

Safety funds provided for as required were included in cost of product or the current profit and loss, and credited in special reserve. And the funds are treated separately depending on whether fixed assets are resulted when being used: funds related to expenditure is offset against special reserve directly while those forming fixed assets will consolidate expenditure incurred and recognized as fixed assets when such assets are ready for their intended use, at the same time offsetting equivalent amounts in the special reserve and recognizing equivalent amounts of accumulated depreciation.

32. Fair value measurement

The Group measures its derivative financial instruments and listed equity investments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

三、重要會計政策及會計估計(續)

29. 回購股份

回購自身權益工具支付的對價和交易費用，減少股東權益。除股份支付之外，發行(含再融資)、回購、出售或註銷自身權益工具，作為權益的變動處理。

30. 利潤分配

本公司的中期及年度現金股利，於股東大會批准後確認為負債。

31. 安全生產費

按照規定提取的安全生產費，計入相關產品的成本或當期損益，同時計入專項儲備；使用時區分是否形成固定資產分別進行處理：屬於費用性支出的，直接沖減專項儲備；形成固定資產的，歸集所發生的支出，於達到預定可使用狀態時確認固定資產，同時沖減等值專項儲備並確認等值累計折舊。

32. 公允價值計量

本集團於每個資產負債表日以公允價值計量衍生金融工具和上市的權益工具投資。公允價值，是指市場參與者在計量日發生的有序交易中，出售一項資產所能收到或者轉移一項負債所需支付的價格。本集團以公允價值計量相關資產或負債，假定出售資產或者轉移負債的有序交易在相關資產或負債的主要市場進行；不存在主要市場的，本集團假定該交易在相關資產或負債的最有利市場進行。主要市場(或最有利市場)是本集團在計量日能夠進入的交易市場。本集團採用市場參與者在對該資產或負債定價時為實現其經濟利益最大化所使用的假設。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Fair value measurement (Continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs only under the circumstances where such relevant observable inputs cannot be obtained or practicably obtained.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2 – based on inputs other than inputs within Level 1 that are observable for the asset or liability, either directly or indirectly; Level 3 – based on input for the asset or liability that is not based on observable market data.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group re-assess them at each balance sheet date to determine whether transfers have occurred between levels in the hierarchy.

三、重要會計政策及會計估計(續)

32. 公允價值計量(續)

以公允價值計量非金融資產的，考慮市場參與者將該資產用於最佳用途產生經濟利益的能力，或者將該資產出售給能夠用於最佳用途的其他市場參與者產生經濟利益的能力。

本集團採用在當前情況下適用並且有足夠可利用數據和其他信息支持的估值技術，優先使用相關可觀察輸入值，只有在可觀察輸入值無法取得或取得不切實可行的情況下，才使用不可觀察輸入值。

在財務報表中以公允價值計量或披露的資產和負債，根據對公允價值計量整體而言具有重要意義的最低層次輸入值，確定所屬的公允價值層次：第一層次輸入值，在計量日能夠取得的相同資產或負債在活躍市場上未經調整的報價；第二層次輸入值，除第一層次輸入值外相關資產或負債直接或間接可觀察的輸入值；第三層次輸入值，相關資產或負債的不可觀察輸入值。

每個資產負債表日，本集團對在財務報表中確認的持續以公允價值計量的資產和負債進行重新評估，以確定是否在公允價值計量層次之間發生轉換。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Segment reporting

The Group identifies operating segments based on the internal organization structure, managerial requirements and internal reporting system, identifies reportable segments based on operating segments and discloses segment information by operating segment.

An operating segment is a component of the Group that meets all the following conditions:

- (1) it engages in business activities from which it may earn revenues and incur expenses;
- (2) its operating results are regularly reviewed by the Company's management to make decisions about resources to be allocated to the segment and assess its performance;
- (3) the Group is able to obtain relevant accounting information such as its financial position, operating results and cash flows of such segment.

If two or more segments have similar economic characteristics and meet certain conditions, then they can be aggregated into a single operating segment.

34. Significant accounting judgments and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that will affect the reported amounts and disclosure of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. However, uncertainty about these estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments which have significant effect on the amounts recognized in the financial statements.

三、重要會計政策及會計估計(續)

33. 分部報告

本集團以內部組織結構、管理要求、內部報告制度為依據確定經營分部，以經營分部為基礎確定報告分部並披露分部信息。

經營分部是指本集團內同時滿足下列條件的組成部分：

- (1) 該組成部分能夠在日常活動中產生收入、發生費用；
- (2) 本公司管理層能夠定期評價該組成部分的經營成果，以決定向其配置資源、評價其業績；
- (3) 本集團能夠取得該組成部分的財務狀況、經營成果和現金流量等有關會計信息。

兩個或多個經營分部具有相似的經濟特徵，並且滿足一定條件的，則可合併為一個經營分部。

34. 重大會計判斷和估計

編製財務報表要求管理層作出判斷、估計和假設，這些判斷、估計和假設會影響收入、費用、資產和負債的列報金額及其披露，以及資產負債表日或有負債的披露。然而，這些假設和估計的不確定性所導致的結果可能造成對未來受影響的資產或負債的賬面金額進行重大調整。

判斷

在應用本集團的會計政策的過程中，管理層作出了以下對財務報表所確認的金額具有重大影響的判斷。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

34. Significant accounting judgments and estimates (Continued)

Judgments (Continued)

Confirmation of Functional Currency

Since the Company owns a number of overseas subsidiaries, associates and branch organizations, when recognizing its functional currency, multiple factors are taken into consideration to recognize the major economic environment of their operating locations. Under circumstances with multiple factors and no obvious functional currency, the Group uses judgment to confirm its functional currency. Such judgment is the best to reflect economic influence of the underlying transactions, events and environment.

Finance lease – in the case of the lessor

Leases where all risks and rewards relating to the ownership of the assets are substantially transferred are referred to as finance leases. The Group does not retain all substantial risks and rewards of the ownership of these leased assets, and thus they are regarded as finance leases.

Operating lease – in the case of the lessor

The Group has entered into leasing contracts for its investment properties, certain intangible assets and certain fixed assets. The Group is of the opinion that, according to the terms of such leasing contracts, the Group has retained all material risks and returns of ownership of these investment properties, intangible assets and fixed assets and therefore they are accounted for as operating lease.

Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are discussed below.

三、重要會計政策及會計估計(續)

34. 重大會計判斷和估計(續)

判斷(續)

記帳本位幣的確定

本公司在境外擁有多家子公司、聯營企業及分支機構，在確定其記帳本位幣時，考慮多個因素確定其經營所處的主要經濟環境。在多個因素混合在一起，記帳本位幣不明顯的情況下，本集團運用判斷以確定其記帳本位幣，該判斷最能反映基礎交易、事項和環境的經濟影響。

融資租賃—作為出租人

實質上轉移了與資產所有權有關的全部風險和報酬的租賃為融資租賃。本集團未保留這些租賃資產所有權上的所有重大風險和報酬，因此作為融資租賃處理。

經營租賃—作為出租人

本集團就投資性房地產、部分無形資產和部分固定資產簽訂了租賃合同。本集團認為，根據租賃合同的條款，本集團保留了這些投資性房地產、無形資產和固定資產所有權上的所有重大風險和報酬，因此作為經營租賃處理。

估計的不確定性

以下為於資產負債表日有關未來的關鍵假設以及估計不確定性的其他關鍵來源，可能會導致未來會計期間資產和負債賬面金額重大調整。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

34. Significant accounting judgments and estimates (Continued)

Estimation Uncertainty (Continued)

Impairment of goodwill and trademarks

The Group determines whether goodwill and trademarks with indefinite useful life are impaired at least on an annual basis. This requires an estimation of the value in use of the asset group to which goodwill and trademarks are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the asset group and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Defined benefit plans

The management of the Group recognizes defined benefit plans liabilities based on calculating model of the present value of the defined benefit liabilities less fair value of the planned assets. The present value of defined benefit liabilities comprises of various assumptions, including term of benefits and discount rate. Inconsistency between the future events and such assumptions may subject the defined benefit plans liabilities on the balance sheet date to material adjustment.

Fair value

Fair value of derivatives as at the balance sheet date is calculated by the management of the Group based on models. In the course of business combination, fair value of identifiable net assets as of the acquisition date is assessed. The aforesaid calculation is on the basis of some assumptions. Fair value may differ significantly if future events deviate from such assumptions.

Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale financial assets and directly recognizes movements of their fair values in other comprehensive income. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment loss that shall be recognized in the income statement.

三、重要會計政策及會計估計(續)

34. 重大會計判斷和估計(續)

估計的不確定性(續)

商譽及商標減值

本集團至少每年測試商譽和使用壽命不確定的商標是否發生減值。進行測定時必須估算獲分配相關商譽及商標之資產組的使用價值。使用價值之估算需要本集團估算預期資產組所產生之未來現金流量及選擇合適折現率以計算該等現金流量之現值。

設定受益計劃

本集團的管理層依據模型計算的設定受益義務的現值減計劃資產的公允價值確定設定受益計劃淨負債。設定受益義務的現值計算包含多項假設，包括受益期限及折現率。倘若未來事項與該等假設不符，可能導致對於資產負債表日設定受益計劃淨負債的重大調整。

公允價值

本集團管理層依據模型計算衍生工具於資產負債表日的公允價值；在企業合併過程中，對收購日可辨認淨資產的公允價值進行評估，上述公允價值評估包含多項假設，倘未來事項與該假設不符，可能導致公允價值的重大調整。

可供出售金融資產減值

本集團將某些資產歸類為可供出售金融資產，並將其公允價值的變動直接計入其他綜合收益。當公允價值下降時，管理層就價值下降作出假設以確定是否存在需在損益中確認其減值損失。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

34. Significant accounting judgments and estimates (Continued)

Estimation Uncertainty (Continued)

Impairment of non-current assets other than financial assets (other than goodwill and trademark with uncertain lifetime)

The Group assesses whether there are any indication of impairment for all non-current assets other than financial assets at the balance sheet date. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such indication exists. Other non-current assets other than financial assets are tested for impairment when there are indication that the carrying amounts may not be recoverable. Where the carrying amount of an asset or asset group is higher than its recoverable amount (i.e. the higher of the net of its fair value less costs to sell and the present value of the future cash flows expected to be derived from it), it is indicated that such asset or asset group is impaired. The net of the fair value less costs to sell is determined with reference to the price in sales agreement or observable market price of similar assets in arm's length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the asset or asset group. When calculating the present value of expected future cash flows from an asset or asset group, the management shall estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those future cash flows.

Deferred tax assets

Deferred tax assets are recognized for all unused deductible temporary differences and deductible losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and deductible losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profit together with future tax planning strategies.

三、重要會計政策及會計估計(續)

34. 重大會計判斷和估計(續)

估計的不確定性(續)

除金融資產之外的非流動資產減值 (除商譽和使用壽命不確定的商標外)

本集團於資產負債表日對除金融資產之外的非流動資產判斷是否存在可能發生減值的蹟象。對使用壽命不確定的無形資產，除每年進行的減值測試外，當其存在減值蹟象時，也進行減值測試。其他除金融資產之外的非流動資產，當存在蹟象表明其賬面金額不可收回時，進行減值測試。當資產或資產組的賬面價值高於可收回金額，即公允價值減去處置費用後的淨額和預計未來現金流量的現值中的較高者，表明發生了減值。公允價值減去處置費用後的淨額，參考公平交易中類似資產的銷售協議價格或可觀察到的市場價格，減去可直接歸屬於該資產處置的增量成本確定。預計未來現金流量現值時，管理層必須估計該項資產或資產組的預計未來現金流量，並選擇恰當的折現率確定未來現金流量的現值。

遞延所得稅資產

在很可能有足夠的應納稅所得額用以抵扣可抵扣暫時性差異和可抵扣虧損的限度內，應就所有尚未利用的可抵扣暫時性差異和可抵扣虧損確認遞延所得稅資產。這需要管理層運用大量的判斷來估計未來取得應納稅所得額的時間和金額，結合納稅籌劃策略，以決定應確認的遞延所得稅資產的金額。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

34. Significant accounting judgments and estimates (Continued)

Estimation Uncertainty (Continued)

Net realizable values of inventories

The net realizable values of inventories are based on the saleability of the evaluated inventory and their net realizable values. The management's judgments and estimates are required for determining inventory impairment on the basis of clear evidence, purpose of holding the inventories, effect of subsequent events and other factors. The difference between the actual outcome and original estimate will affect the carrying amount of inventories and provision and reversal of decline in value of inventories during the estimated revision period.

Bad debt provision for receivable

Bad debt provision for receivable is based on the recoverability of assessed receivable. The management's judgments and estimates are required for determining bad debt provision for receivable. The difference between the actual outcome and original estimate will affect the carrying amount of receivable and bad debt provision for receivable and reversal of such provision during the estimated revision period.

Recognition of provision

The Group uses contract terms, existing knowledge and historical experience, to estimate and recognize the provision for product quality assurance. On condition that such contingent matters have formed a present obligation and the discharge of which is probable to give rise to an outflow of the Group's economic benefits, the Group recognizes the best estimate.

Estimated useful lives of fixed assets and intangible assets

The Group reviews the estimated useful lives of fixed assets and intangible assets at least once at the end of the year. Estimated useful lives are determined by the management based on historical experience of similar assets and expected technological advancement. Corresponding adjustment to depreciation expenses for future periods will be made in case of substantial changes in previous estimates.

三、重要會計政策及會計估計(續)

34. 重大會計判斷和估計(續)

估計的不確定性(續)

存貨可變現淨值

存貨可變現淨值是基於評估存貨的可售性及其可變現淨值。鑒定存貨減值要求管理層在取得確鑿證據，並且考慮持有存貨的目的、資產負債表日後事項的影響等因素的基礎上作出判斷和估計。實際的結果與原先估計的差異將在估計被改變的期間影響存貨的賬面價值及存貨跌價準備的計提或轉回。

應收款項壞賬準備

應收款項壞賬準備是基於評估應收款項的可收回性。鑒定應收款項壞賬準備要求管理層的判斷和估計。實際的結果與原先估計的差異將在估計被改變的期間影響應收款項的賬面價值及應收款項壞賬準備的計提或轉回。

預計負債的確認

本集團根據合約條款、現有知識及歷史經驗，對產品質量保證估計並計提相應準備；在該等或有事項已經形成一項現實義務，且履行該等現實義務很可能導致經濟利益流出本集團的情況下，以最佳估計數進行計量。

固定資產及無形資產的預計可使用年限

本集團至少於每年年度終了，對固定資產及無形資產的預計使用壽命進行覆核。預計使用壽命是管理層基於對同類資產歷史經驗並結合預期技術更新而確定的。當以往的估計發生重大變化時，則相應調整未來期間的折舊及攤銷費用。

IV. TAXATION

1. Major categories of taxes and respective tax rates

Value-added tax (VAT)
增值稅

- For the Group's PRC subsidiaries, output VAT is calculated by applying 17%, 11% and 6% to the taxable income for normal taxpayers, but the Group may pay it after deducting deductible input VAT for the current period.

本集團境內子公司一般納稅人按應稅收入的17%、11%、6%的稅率計算銷項稅，並按扣除當期允許抵扣的進項稅額後的差額計繳增值稅。

- The basis of computation and applicable rate of VAT primarily applicable to major overseas subsidiaries of the Group are set out below:

本集團境外子公司主要適用的增值稅計稅依據及適用稅率列示如下：

Basis of computation 計稅依據	Applicable country 適用國家	Tax rate 稅率
Amount of taxable added-value 應納稅增值額	Germany 德國	19%

Value-added tax rates applicable in other countries follow the tax laws and regulations in force in the respective countries.

其他國家增值稅稅率遵循當地稅務法律法規確定。

Business tax
營業稅

- For the Group's PRC subsidiaries, it is calculated by applying 5% to the taxable income. With effect from 1 May 2016, the change from business tax to value-added tax was implemented.

本集團境內公司按應稅收入的5%計繳營業稅。自2016年5月1日起，由計繳營業稅改為計繳增值稅。

City maintenance and construction tax
城市維護建設稅

- It is levied at 7% or 5% on the actual turnover taxes paid.
按實際繳納的流轉稅的7%或5%計繳。

Education surcharge
教育費附加

- It is levied at 3% on the actual turnover taxes paid.
按實際繳納的流轉稅的3%計繳。

Local education surcharge
地方教育費附加

- It is levied at 2% on the actual turnover taxes paid.
按實際繳納的流轉稅的2%計繳。

Corporate income tax
企業所得稅

- It is levied at 15% or 25% on the taxable profit, except that for oversea subsidiaries, it is levied at the statutory tax rate of the countries or regions in which the subsidiaries operate.

除海外子公司按其所在國家、地區的法定稅率計繳外，企業所得稅按應納稅所得額的15%或25%計繳。

- The basis of computation and applicable rate of corporate income tax primarily applicable to major overseas subsidiaries of the Group are set out below:

本集團境外主要子公司主要適用的企業所得稅計稅依據及適用稅率列示如下：

Basis of computation 計稅依據	Applicable country 適用國家	2016 2016年度
Amount of taxable income 應納稅所得額	Germany 德國	30.85%

Income tax rates applicable in other countries follow the tax laws and regulations in force in the respective countries. Certain oversea subsidiaries enjoy tax benefits in pursuant to the local tax policies.

其他國家所得稅稅率遵循當地稅務法律法規確定。某些境外子公司按照當地稅收政策享受稅收優惠。

IV. TAXATION (CONTINUED)

2. Tax benefits

Value-added tax

In accordance with the Notice Concerning Exemption from Value-added Tax and Consumption Tax applicable to Special-purpose Military Vehicles (《關於軍用特種車輛免徵增值稅和消費稅的通知》) issued by MOF and State Administration of Taxation, the sale of special-purpose military vehicles to army and armed police by Shaanxi Heavy-duty Motor Co., Ltd., a subsidiary of the Company, is exempted from value-added tax.

Preferential corporate income tax for the Company

The Company was recognized as a high-tech enterprise on 27 November 2008. The Company continued recognized as a high-tech enterprise in 2015 and is therefore entitled to enjoy a preferential income tax rate of 15% from 1 January 2014 to 31 December 2016.

Preferential corporate income tax for the domestic subsidiaries of the Company

Weichai Power (Weifang) Reconstruction Co., Ltd. was re-recognized as a high-tech enterprise in 2016 and was therefore entitled to enjoy a preferential income tax rate of 15% from 1 January 2016 to 31 December 2018.

Shaanxi Hande Axle Co., Ltd. and Zhuzhou Torch Sparkplugs Co., Ltd. were recognized as high-tech enterprises and are therefore entitled to enjoy a preferential income tax rate of 15% from 1 January 2015 to 31 December 2017.

Shaanxi Heavy-duty Motor Co., Ltd., Shaanxi Fast Gear Co., Ltd., Shaanxi Automobile Huainan Special Vehicles Co., Ltd., Baoji Fast Gear Co., Ltd., Zhuzhou Gear Co., Ltd. (株洲齒輪有限責任公司), Zhuzhou Torch Machinery Manufacturing Co., Ltd., Zhuzhou Euro Grace Gear Automotive Transmission Co., Ltd. (株洲歐格瑞傳動股份有限公司), Weichai Power Yangzhou Diesel Engine Co., Ltd. (濰柴動力揚州柴油機有限責任公司) and Shanghai He Da Auto Accessory Co., Ltd. (上海和達汽車配件有限公司), were again recognized as high-tech enterprises and are therefore entitled to enjoy a preferential income tax rate of 15% from 1 January 2014 to 31 December 2016.

四、稅項(續)

2. 稅收優惠

增值稅

本公司之子公司陝西重型汽車有限公司根據財政部、國家稅務總局《關於軍用特種車輛免徵增值稅和消費稅的通知》銷售給軍隊、武警部隊使用的軍用特種車輛免徵增值稅。

本公司企業所得稅優惠

本公司於2008年11月27日被認定為高新技術企業，2015年公司繼續通過高新技術企業認定，自2014年1月1日至2016年12月31日享受15%的所得稅優惠稅率。

本公司境內子公司企業所得稅優惠

濰柴動力(濰坊)再製造有限公司於2016年重新獲得高新技術企業資格，自2016年1月1日至2018年12月31日享受15%所得稅優惠稅率。

陝西漢德車橋有限公司和株洲湘火炬火花塞有限責任公司已通過高新技術企業認定，自2015年1月1日至2017年12月31日享受15%所得稅優惠稅率。

陝西重型汽車有限公司、陝西法士特齒輪有限責任公司、陝汽淮南專用汽車有限公司、寶雞法士特齒輪有限責任公司、株洲齒輪有限責任公司、株洲湘火炬機械製造有限責任公司、株洲歐格瑞傳動股份有限公司、濰柴動力揚州柴油機有限責任公司及上海和達汽車配件有限公司重新獲得高新技術企業資格，自2014年1月1日至2016年12月31日享受15%的所得稅優惠稅率。

IV. TAXATION (CONTINUED)

2. Tax benefits (Continued)

Preferential corporate income tax for the domestic subsidiaries of the Company (Continued)

Pursuant to the requirement of Cai Shui [2015] No. 34, Shaanxi Fast Automotive Components Import and Export Company Limited meets the criteria of a low-margin small-scale industrial enterprise and is subject to corporate income tax at the reduced rate of 20% based on its taxable income which is taken as 50% of its income (equivalent to a 10% tax rate for corporate income tax).

Pursuant to the requirement of the Notice Concerning Issues on Taxation Policies Relating to the Thorough Implementation of China's Strategy of Western Development (Cai Shui Fa No. [2011] 58) (《關於深入實施西部大開發戰略有關稅收政策問題的通知》) promulgated by MOF, the State Administration of Taxation and the General Administration of Customs dated 27 July 2011, the following companies have implemented preferential tax policy of 15% for the Western Development:

- Shaanxi Heavy-duty Motor Co., Ltd., Shaanxi Hande Axle Co., Ltd., Shaanxi Jinding Casting Co., Ltd., Xi'an Fast Auto Drive Co., Ltd., Shaanxi Fast Gear Co., Ltd., Baoji Fast Gear Co., Ltd. and Weichai (Chongqing) Automotive Co., Ltd.
- Pursuant to the requirement of the Announcement concerning the Cancellation of 22 Matters of Approvals About Non-administrative Permissions to be Sought for Taxation Issues" numbered 58 of 2015 issued by the State Administration of Taxation on 18 August 2015, for those companies entitled to the preferential tax treatment at 15% under the western development strategy of China, only filing is required instead of approval. All the aforesaid companies have passed the examination of 2015 Taxation Filing, and they are expected to be entitled again to enjoy a preferential policy for the Western Development in 2016.

四、稅項(續)

2. 稅收優惠(續)

本公司境內子公司企業所得稅優惠(續)

根據財稅[2015]34號的規定，陝西法士特汽車零部件進出口有限公司符合工業企業小型微利企業的認定標準，其所得減按50%計入應納稅所得額，按20%的稅率繳納企業所得稅(相當於減按10%的稅率繳納企業所得稅)。

根據財政部、國家稅務總局、海關總署2011年7月27日財稅發[2011]58號文《關於深入實施西部大開發戰略有關稅收政策問題的通知》的規定，下列公司享受西部大開發15%的稅收優惠政策：

- 陝西重型汽車有限公司、陝西漢德車橋有限公司、陝西金鼎鑄造有限公司、西安法士特汽車傳動有限責任公司、陝西法士特齒輪有限責任公司、寶雞法士特齒輪有限責任公司和濰柴(重慶)汽車有限公司。
- 根據2015年8月18日國家稅務總局公告2015年第58號文《關於公佈已取消的22項稅務非行政許可審批事項的公告》的規定，享受西部大開發15%的稅收優惠政策的企業不需要審批只需備案，上述公司均已通過2015年的稅務備案審核，預計2016年也將獲得享受西部大開發優惠政策的資格。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and cash equivalents

		2016 2016年	2015 2015年
Cash at bank	庫存現金	6,416,580.43	4,974,113.23
Bank deposits	銀行存款	21,589,174,946.34	20,433,475,510.07
Other cash and cash equivalents	其他貨幣資金	5,527,390,328.56	4,418,059,454.18
		27,122,981,855.33	24,856,509,077.48

As at 31 December 2016, the other cash and cash equivalents of the Group amounted to RMB5,524,149,950.11 (31 December 2015: RMB3,701,851,413.05), all of which are used in letter of guarantee and security monies for special accounts such as bank acceptance bills and letter of credit.

As at 31 December 2016, the Group held cash and cash equivalents of RMB1,902,795,631.23 (31 December 2015: RMB1,455,545,954.37), which were deposited overseas.

Interest income earned on bank current deposits is calculated by using current deposit interest rate of the bank. The deposit periods for time deposits vary from seven days to twelve months depending on the cash requirements of the Group, and earn interest income at respective deposit interest rates of the bank.

2. Financial assets at fair value through profit or loss

		2016 2016年	2015 2015年
Forward contracts	遠期合同	75,559,618.80	37,867,082.40
Cross currency interest rate swap instruments (Note V.65)	交叉貨幣利率互換工具 (附註五、65)	53,736,404.70	-
		129,296,023.50	37,867,082.40

五、合併財務報表主要項目註釋

1. 貨幣資金

於2016年12月31日，本集團其他貨幣資金中包含人民幣5,524,149,950.11元(2015年12月31日：人民幣3,701,851,413.05元)用於保函以及辦理銀行承兌票據、信用證等專戶而儲存的保證金。

於2016年12月31日，本集團存放於境外的貨幣資金折合人民幣為1,902,795,631.23元(2015年12月31日：折合人民幣為1,455,545,954.37元)。

銀行活期存款按照銀行活期存款利率取得利息收入。定期存款的存款期自7天至12個月不等，依本集團的現金需求而定，並按照相應的銀行存款利率取得利息收入。

2. 以公允價值計量且其變動計入當期損益的金融資產

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

3. Notes receivable

3. 應收票據

		2016 2016年	2015 2015年
Bank acceptance bills	銀行承兌匯票	16,738,403,958.52	9,237,895,961.12
Commercial acceptance bills	商業承兌匯票	4,470,316.00	38,295,000.00
		16,742,874,274.52	9,276,190,961.12

Notes receivable that were pledged are presented as follows:

其中，已質押的應收票據如下：

		2016 2016年	2015 2015年
Bank acceptance bills	銀行承兌匯票	5,263,763,893.86	2,511,424,512.27

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

已背書但在資產負債表日尚未到期的應收票據如下：

		2016 2016年		2015 2015年	
		Derecognition 終止確認	No derecognition 未終止確認	Derecognition 終止確認	No derecognition 未終止確認
Bank acceptance bills	銀行承兌匯票	3,868,438,322.72	-	2,907,870,084.96	-
Commercial acceptance bills	商業承兌匯票	4,345,132.00	4,470,316.00	-	6,893,000.00
		3,872,783,454.72	4,470,316.00	2,907,870,084.96	6,893,000.00

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

已貼現但在資產負債表日尚未到期的應收票據如下：

		2016 2016年		2015 2015年	
		Derecognition 終止確認	No derecognition 未終止確認	Derecognition 終止確認	No derecognition 未終止確認
Bank acceptance bills	銀行承兌匯票	5,170,000.00	-	44,487,805.36	-

As at 31 December 2016, the Group has not transferred any notes into accounts receivable due to issuers' failure in performance (31 December 2015: nil).

於2016年12月31日，本集團無因出票人無力履約而轉為應收賬款的票據(2015年12月31日：無)。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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. Accounts receivable is non-interest bearing.

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

		2016 2016年	2015 2015年
Within 3 months	3個月以內	8,252,128,633.29	6,281,212,024.24
3 to 6 months	3個月至6個月	1,448,583,141.59	1,165,007,780.67
6 months to 1 year	6個月至1年	997,629,041.10	950,444,076.45
1 to 2 years	1年至2年	508,279,954.23	697,420,683.66
2 to 3 years	2年至3年	468,393,039.64	230,497,732.65
Over 3 years	3年以上	805,237,129.91	614,417,642.49
		12,480,250,939.76	9,938,999,940.16
Less: provision for bad debt in respect of accounts receivable	減：應收賬款壞賬準備	1,144,057,968.02	937,306,781.71
		11,336,192,971.74	9,001,693,158.45

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

		2016 2016年	2015 2015年
Closing balance of previous year	上年末餘額	937,306,781.71	822,420,507.83
Business combination under common control	同一控制下企業合併	-	1,217,986.36
Opening balance	年初餘額	937,306,781.71	823,638,494.19
Provision for the year	本年計提	251,651,180.10	204,386,461.85
Reversed for the year	本年轉回	(45,116,426.01)	(50,639,179.55)
Written off for the year	本年核銷	(2,509,812.74)	(21,782,305.47)
Decrease upon disposal of subsidiaries	本年處置子公司減少	-	(15,135,439.48)
Adjustment for exchange differences	匯兌差額調整	2,726,244.96	(3,161,249.83)
Closing balance	年末餘額	1,144,057,968.02	937,306,781.71

五、合併財務報表主要項目註釋(續)

4. 應收賬款

本集團與客戶間的貿易條款以信用交易為主，且一般要求新客戶預付款或採取貨到付款方式進行，信用期通常為1-6個月。應收賬款並不計息。

根據開票日期，應收賬款的賬齡分析如下：

應收賬款壞賬準備的變動如下：

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

4. Accounts receivable (Continued)

4. 應收賬款(續)

		2016 2016年			
		Gross carrying amount	Proportion	Provision for bad debt	Percentage
		賬面餘額	比例 (%)	壞賬準備	計提比例 (%)
Individually significant items for which provision for bad debt is recognized separately	單項金額重大並單獨計提壞賬準備	1,083,724,304.59	8.69	442,290,597.67	40.81
Items for which provision for bad debt is recognized by group with distinctive credit risk characteristics	按信用風險特徵組合計提壞賬準備	10,941,690,683.36	87.67	605,279,723.50	5.53
Not individually significant items for which provision for bad debt is recognized separately	單項金額不重大但單獨計提壞賬準備	454,835,951.81	3.64	96,487,646.85	21.21
		12,480,250,939.76	100.00	1,144,057,968.02	
		2015 2015年			
		Gross carrying amount	Proportion	Provision for bad debt	Percentage
		賬面餘額	比例 (%)	壞賬準備	計提比例 (%)
Individually significant items for which provision for bad debt is recognized separately	單項金額重大並單獨計提壞賬準備	560,344,327.43	5.64	348,742,189.60	62.24
Items for which provision for bad debt is recognized by group with distinctive credit risk characteristics	按信用風險特徵組合計提壞賬準備	9,145,325,078.82	92.01	483,234,359.85	5.28
Not individually significant items for which provision for bad debt is recognized separately	單項金額不重大但單獨計提壞賬準備	233,330,533.91	2.35	105,330,232.26	45.14
		9,938,999,940.16	100.00	937,306,781.71	

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

As at 31 December 2016, individually significant items for which provision for bad debt is recognized separately are presented as follows:

五、合併財務報表主要項目註釋(續)

4. 應收賬款(續)

於2016年12月31日，單項金額重大並單獨計提壞賬準備的應收賬款情況如下：

	Gross carrying amount 賬面餘額	Provision for bad debt 壞賬準備	Percentage 計提比例	Reasons 計提理由
Shanxi Tong Tai Automobile Sales Services Co., Ltd 山西通泰汽車銷售服務有限公司	56,927,140.00	51,234,426.00	90%	Long credit age 長賬齡
Guangzhou Jinqi Trading Company Limited 廣州市晉旗貿易有限公司	49,159,575.31	49,122,478.71	100%	Bad repayment ability 償債能力差
Shaanxi Rong Chang Yuan Trading Co., Ltd 陝西榮昌源貿易有限公司	43,173,316.66	38,855,985.00	90%	Not full coverage of preservation 查封未全覆蓋
Anhui Anyu Engineering Machinery Sales Co., Ltd 安徽安宇工程機械銷售有限公司	42,763,993.80	8,552,798.76	20%	Bad repayment ability 償債能力差
Dalian Shaanxi Automobile Sales Co., Ltd 大連陝汽汽車銷售有限公司	40,516,068.59	32,412,854.87	80%	Bad repayment ability 償債能力差
Hubei Space Shuanglong Special Purpose Vehicle Co., Ltd. 湖北航天雙龍專用汽車有限公司	35,611,768.86	28,489,415.09	80%	Company dissolved 公司已解散
Nanjing Lerong Trading Company Limited 南京樂融貿易有限公司	32,989,886.43	31,340,392.11	95%	Assets have been preserved 財產已查封
Fujian Zhongxin Dingxing Automobile Sales Service Company Limited 福建中信鼎興汽車銷售服務有限公司	32,641,150.80	13,056,460.32	40%	Litigation 訴訟
Shaanxi Eurostar Auto Co., Ltd. 陝西歐舒特汽車股份有限公司	28,128,335.47	25,328,330.79	90%	Long credit age 長賬齡
Shandong Liugong Concrete Equipment Company Limited 山東柳工混凝土設備有限公司	26,400,747.00	10,560,298.80	40%	Litigation 訴訟
Others 其他	695,412,321.67	153,337,157.22	22%	Long credit age 長賬齡
	1,083,724,304.59	442,290,597.67		

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

As at 31 December 2015, individually significant items for which provision for bad debt is recognized separately are presented as follows:

	Gross carrying amount 賬面餘額	Provision for bad debt 壞賬準備	Percentage 計提比例	Reasons 計提理由
Shanxi Tong Tai Automobile Sales Services Co., Ltd 山西通泰汽車銷售服務有限公司	56,927,140.00	51,234,426.00	90%	Long credit age 長賬齡
OOO SHANKSIRUS	50,219,167.38	12,554,791.85	25%	Long credit age 長賬齡
Guangzhou Jinqi Trading Company Limited 廣州市晉旗貿易有限公司	49,159,575.31	49,159,575.31	100%	Bad repayment ability 償債能力差
Shaanxi Rong Chang Yuan Trading Co., Ltd 陝西榮昌源貿易有限公司	43,173,316.66	38,855,984.99	90%	Not full coverage of preservation 查封未全覆蓋
Anhui Anyu Engineering Machinery Sales Co., Ltd 安徽安宇工程機械銷售有限公司	42,763,993.80	17,105,597.52	40%	Bad repayment ability 償債能力差
Hubei Aoma Special Automobile Co., Ltd. 湖北奧馬專用汽車有限公司	42,054,011.99	8,410,802.40	20%	Legal actions in progress 法律訴訟中
Dalian Shaanxi Automobile Sales Co., Ltd 大連陝汽車銷售有限公司	40,513,268.59	32,410,614.87	80%	Bad repayment ability 償債能力差
RITA VO CO., LTD (Vietnam) RITA VO CO., LTD (越南)	38,124,056.16	190,620.28	1%	No recourse by banks, account receivable transferred 銀行無追索權，買斷應收賬款
Hubei Space Shuanglong Special Purpose Vehicle Co., Ltd. 湖北航天雙龍專用汽車有限公司	35,611,768.86	24,928,238.20	70%	Company dissolved 公司已解散
Nanjing Lerong Trading Company Limited 南京樂融貿易有限公司	33,443,140.43	30,098,826.39	90%	Assets have been preserved 財產已查封
Others 其他	128,354,888.25	83,792,711.79	65%	Cessation of business, etc. 公司業務停止等
	560,344,327.43	348,742,189.60		

五、合併財務報表主要項目註釋(續)

4. 應收賬款(續)

於2015年12月31日，單項金額重大並單獨計提壞賬準備的應收賬款情況如下：

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

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

		2016 2016年				2015 2015年			
		Gross carrying amount	Proportion	Provision for bad debt	Percentage	Gross carrying amount	Proportion	Provision for bad debt	Percentage
		賬面餘額	比例 (%)	壞賬準備	計提比例 (%)	賬面餘額	比例 (%)	壞賬準備	計提比例 (%)
Within 1 year	1年以內	3,454,618,906.80	80.52	172,730,945.34	5.00	3,572,430,749.84	82.21	164,482,221.25	4.60
1 to 2 years	1至2年	285,450,040.46	6.65	40,891,768.47	14.33	462,154,018.10	10.63	66,464,086.92	14.38
2 to 3 years	2至3年	308,401,874.67	7.19	91,205,310.70	29.57	141,481,172.05	3.26	42,454,296.62	30.01
3 to 4 years	3至4年	88,149,405.72	2.05	44,074,702.85	50.00	16,179,303.99	0.37	8,081,230.12	49.95
4 to 5 years	4至5年	14,446,863.87	0.34	11,557,491.10	80.00	24,292,305.44	0.56	19,433,844.35	80.00
Over 5 years	5年以上	139,550,437.44	3.25	139,550,437.44	100.00	129,282,060.59	2.97	129,282,060.59	100.00
		4,290,617,528.96	100.00	500,010,655.90	11.65	4,345,819,610.01	100.00	430,197,739.85	9.90

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

4. 應收賬款(續)

本集團採用賬齡分析法計提壞賬準備的應收賬款情況如下：

採用逾期賬齡作為信用風險特徵計提壞賬準備的應收賬款情況如下：

		2016 2016年				2015 2015年			
		Gross carrying amount	Proportion	Provision for bad debt	Percentage	Gross carrying amount	Proportion	Provision for bad debt	Percentage
		賬面餘額	比例 (%)	壞賬準備	計提比例 (%)	賬面餘額	比例 (%)	壞賬準備	計提比例 (%)
Neither overdue nor impaired	未逾期無減值	4,694,800,367.08	70.59	-	-	3,636,931,783.63	75.78	-	-
Due and impaired	逾期有減值	764,445,113.78	11.49	105,269,067.60	13.77	302,437,676.58	6.30	53,036,620.00	17.54
Due and not impaired	逾期無減值	1,191,827,673.54	17.92	-	-	860,136,008.59	17.92	-	-
		6,651,073,154.40	100.00	105,269,067.60	1.58	4,799,505,468.80	100.00	53,036,620.00	1.11

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

As at 31 December 2016, the top five balances in respect of accounts receivable had a total closing balance of RMB1,011,623,448.77, accounting for 8.11% of the total of closing balance of accounts receivable. The closing balance in respect of bad debt provided for the top five amounted to RMB29,654,169.13.

As at 31 December 2015, the top five balances in respect of accounts receivable had a total closing balance of RMB570,645,024.37, accounting for 5.74% of the total of closing balance of accounts receivable. The closing balance in respect of bad debt provided for the top five amounted to RMB37,960,889.31.

As at 31 December 2016, no accounts receivable had been pledged for securing bank borrowings (31 December 2015: RMB1,625,574,176.80).

5. Prepayments

An aging analysis of prepayments is presented as follows:

		2016 2016年		2015 2015年	
		Amount	Proportion	Amount	Proportion
		金額	比例 (%)	金額	比例 (%)
Within 1 year	1年以內	555,569,294.37	93.24	348,955,543.24	86.87
1 to 2 years	1至2年	23,906,886.87	4.01	40,545,235.83	10.09
2 to 3 years	2至3年	9,362,708.63	1.58	5,940,613.56	1.48
Over 3 years	3年以上	6,993,261.32	1.17	6,259,412.79	1.56
		595,832,151.19	100.00	401,700,805.42	100.00

As at 31 December 2016, there was no significant prepayments with an age of more than one year (31 December 2015: Nil).

As at 31 December 2016, the closing balances of the top 5 prepayments amounted in aggregate to RMB254,201,354.71, representing 42.66% of the total closing balances of all prepayments at year end.

As at 31 December 2015, the closing balances of the top 5 prepayments amounted in aggregate to RMB89,556,506.58, representing 22.29% of the total closing balances of all prepayments as at year end.

五、合併財務報表主要項目註釋(續)

4. 應收賬款(續)

於2016年12月31日，餘額前五名的應收賬款的年末餘額合計為人民幣1,011,623,448.77元，佔應收賬款年末餘額合計數的比例為8.11%，該前五名相應計提的壞賬準備年末餘額為人民幣29,654,169.13元。

於2015年12月31日，餘額前五名的應收賬款的年末餘額合計為人民幣570,645,024.37元，佔應收賬款年末餘額合計數的比例為5.74%，該前五名相應計提的壞賬準備年末餘額為人民幣37,960,889.31元。

於2016年12月31日，本集團無應收賬款質押用於取得銀行借款(2015年12月31日：人民幣1,625,574,176.80元)。

5. 預付款項

預付款項的賬齡分析如下：

於2016年12月31日，無賬齡一年以上的重要預付款(2015年12月31日：無)。

於2016年12月31日，餘額前五名的預付款項的年末餘額合計為人民幣254,201,354.71元，佔預付款項年末餘額合計數的比例為42.66%。

於2015年12月31日，餘額前五名的預付款項的年末餘額合計為人民幣89,556,506.58元，佔預付款項年末餘額合計數的比例為22.29%。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

6. Interests receivable

6. 應收利息

		2016 2016年	2015 2015年
Interests on time deposits	定期存款利息	26,284,015.32	53,906,611.07

7. Dividends receivable

7. 應收股利

		2016 2016年	2015 2015年
Shaanxi Eurostar Auto Co., Ltd.	陝西歐舒特汽車股份有限公司	3,040,000.00	3,040,000.00
Proplan Transport	Proplan Transport	6,671,108.40	-
Shaanxi Tonghui Automotive Transportation Co., Ltd.	陝西通匯汽車物流有限公司	-	3,440,000.00
		9,711,108.40	6,480,000.00

8. Other receivables

8. 其他應收款

An aging analysis of other receivables is presented as follows:

其他應收款的賬齡分析如下：

		2016 2016年	2015 2015年
Within 1 year	1年以內	749,893,188.91	747,790,873.19
1 to 2 years	1至2年	41,472,988.52	38,927,172.60
2 to 3 years	2至3年	16,339,720.44	22,096,966.05
Over 3 years	3年以上	64,918,908.31	57,533,773.93
		872,624,806.18	866,348,785.77
Less: Provision for bad debts in respect of other receivables	減：其他應收款壞賬準備	51,626,275.30	55,338,843.24
		820,998,530.88	811,009,942.53

Changes in provision for bad debts in respect of other receivables are as follows:

其他應收款壞賬準備的變動如下：

		2016 2016年	2015 2015年
Opening balance	年初餘額	55,338,843.24	38,171,673.31
Charge during the year	本年計提	1,059,769.02	41,581,690.97
Reversal during the year	本年轉回	(4,203,285.22)	(22,071,253.63)
Written off during the year	本年轉銷	(562,251.32)	(2,165,648.94)
Exchange gain/loss	匯兌損益	(6,800.42)	5,520.41
Decrease upon disposal of subsidiary(ies) during the year	本年處置子公司減少	-	(183,138.88)
Closing balance	年末餘額	51,626,275.30	55,338,843.24

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

8. Other receivables (continued)

8. 其他應收款(續)

		2016 2016年			
		Gross carrying amount	Proportion	Provision for bad debt	Percentage
		賬面餘額	比例 (%)	壞賬準備	計提比例 (%)
Individually significant items for which provision for bad debt is recognized separately	單項金額重大並單獨計提壞賬準備	-	-	-	-
Items for which provision for bad debt is recognized by group with distinctive credit risk characteristics	按信用風險特徵組合計提壞賬準備	791,358,962.41	90.69	34,452,243.59	4.35
Not individually significant items for which provision for bad debt is recognized separately	單項金額不重大但單獨計提壞賬準備	81,265,843.77	9.31	17,174,031.71	21.13
		872,624,806.18	100.00	51,626,275.30	5.92
		2015 2015年			
		Gross carrying amount	Proportion	Provision for bad debt	Percentage
		賬面餘額	比例 (%)	壞賬準備	計提比例 (%)
Individually significant items for which provision for bad debt is recognized separately	單項金額重大並單獨計提壞賬準備	-	-	-	-
Items for which provision for bad debt is recognized by group with distinctive credit risk characteristics	按信用風險特徵組合計提壞賬準備	845,500,953.09	97.59	37,397,534.56	4.42
Not individually significant items for which provision for bad debt is recognized separately	單項金額不重大但單獨計提壞賬準備	20,847,832.68	2.41	17,941,308.68	86.06
		866,348,785.77	100.00	55,338,843.24	6.39

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Other receivables (continued)

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

		2016 2016年				2015 2015年			
		Amount 金額	Proportion 比例 (%)	Provision for bad debt 壞賬準備	Percentage 計提比例 (%)	Amount 金額	Proportion 比例 (%)	Provision for bad debt 壞賬準備	Percentage 計提比例 (%)
Within 1 year	1年以內	220,396,541.53	80.06	4,594,603.67	2.08	413,817,535.72	88.24	8,442,357.03	2.04
1 to 2 years	1至2年	13,081,845.13	4.75	1,612,276.77	12.32	13,547,642.20	2.89	2,025,210.09	14.95
2 to 3 years	2至3年	11,889,879.24	4.32	2,964,724.55	24.93	19,400,790.05	4.14	5,521,618.53	28.46
3 to 4 years	3至4年	9,732,598.60	3.54	4,867,299.30	50.01	2,069,258.06	0.44	1,049,648.12	50.73
4 to 5 years	4至5年	252,199.04	0.09	201,759.23	80.00	242,851.32	0.05	194,281.06	80.00
Over 5 years	5年以上	19,948,535.27	7.24	19,948,535.27	100.00	19,901,897.34	4.24	19,901,897.33	100.00
		275,301,598.81	100.00	34,189,198.79	12.42	468,979,974.69	100.00	37,135,012.16	7.92

The ages (calculated based on the invoice date) of and bad debt provision for other receivables for which bad debts are provided for using overdue ages as a distinctive credit risk characteristic are presented as follows:

8. 其他應收款(續)

本集團採用賬齡分析法計提壞賬準備的其他應收款情況如下：

採用逾期賬齡作為信用風險特徵計提壞賬準備的其他應收款以發票日計算的賬齡及壞賬準備情況如下：

		2016 2016年				2015 2015年			
		Amount 金額	Proportion 比例 (%)	Provision for bad debt 壞賬準備	Percentage 計提比例 (%)	Amount 金額	Proportion 比例 (%)	Provision for bad debt 壞賬準備	Percentage 計提比例 (%)
Within 1 year	1年以內	461,900,534.69	89.51	263,044.80	0.06	326,904,244.80	86.82	262,522.40	0.08
1 to 2 years	1至2年	28,373,646.31	5.50	-	-	25,379,530.40	6.74	-	-
2 to 3 years	2至3年	4,449,841.20	0.86	-	-	2,696,176.00	0.72	-	-
Over 3 year	3年以上	21,333,341.40	4.13	-	-	21,541,027.20	5.72	-	-
		516,057,363.60	100.00	263,044.80	0.05	376,520,978.40	100.00	262,522.40	0.07

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

8. Other receivables (continued)

8. 其他應收款(續)

		2016 2016年	2015 2015年
Commission receivable	應收佣金	89,727,504.00	68,163,586.40
Consideration receivable for asset transfer	應收資產轉讓款	62,485,999.58	21,286,871.56
Employee advance	備用金	48,282,891.96	40,197,930.71
Deposit	押金	47,270,403.16	32,700,662.46
Corporate lending and payment on behalf	企業暫借款及代付款	38,206,193.71	239,907,624.54
Transfer of fund	資金往來	5,481,409.71	75,429,071.20
Tax rebate receivable	應收退稅款	2,872,682.77	19,256,798.65
Value-added tax paid in advance	預交增值稅	2,850,782.33	74,973.72
Compensation claim	索賠款	-	67,445,455.01
Others	其他	575,446,938.96	301,885,811.52
		872,624,806.18	866,348,785.77

As at 31 December 2016, the top 5 other receivables are presented as follows:

於2016年12月31日，其他應收款金額前五名如下：

	Closing balance 年末餘額	Percentage of total other receivables (%) 佔其他 應收款餘額 合計數的 比例(%)	Nature 性質	Age 賬齡	Closing balance of bad debt provision 壞賬準備 年末餘額
First place 第一名	89,727,504.00	10.28	Commission receivable 應收佣金	Within 1 year 1年以內	-
Second place 第二名	21,920,400.00	2.51	Consideration for asset transfer 資產轉讓款	Over 3 years 3年以上	-
Third place 第三名	19,063,441.20	2.18	Others 其他	Within 1 year 1年以內	-
Fourth place 第四名	16,615,663.20	1.90	Others 其他	Within 1 year 1年以內	-
Fifth place 第五名	12,627,423.78	1.45	Corporate lending and payment on behalf 企業暫借款 及代付款	Within 2 years and 4 to 5 years 2年以內 及4-5年	10,101,939.04
	159,954,432.18	18.33			10,101,939.04

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Other receivables (continued)

As at 31 December 2015, the top 5 other receivables are presented as follows:

	Closing balance	Percentage of total other receivables (%)	Nature	Age	Closing balance of bad debt provision
	期末餘額	佔其他應收款餘額合計數的比例(%)	性質	賬齡	壞賬準備年末餘額
First place 第一名	68,163,586.40	7.87	Commission receivable 應收佣金	Within 1 year 1年以內	–
Second place 第二名	21,285,600.00	2.46	Consideration for asset transfer 資產轉讓款	2 to 3 years 2-3年	–
Third place 第三名	20,072,320.80	2.32	Transfer of fund 資金往來	Within 1 year 1年以內	–
Fourth place 第四名	18,277,235.20	2.11	Transfer of fund 資金往來	Within 1 year 1年以內	–
Fifth place 第五名	13,778,740.01	0.02	Corporate lending and payment on behalf 企業暫借款及代付款	Within 1 year and 3 to 4 years 1年以內及3-4年	10,872,216.01
	141,577,482.41	14.78			10,872,216.01

As at 31 December 2016, other receivables were not pledged for securing bank borrowings of the Group (31 December 2015: RMB199,091,312.00).

於2016年12月31日，本集團無其他應收款質押用於取得銀行借款(2015年12月31日：人民幣199,091,312.00元)。

五、合併財務報表主要項目註釋(續)

8. 其他應收款(續)

於2015年12月31日，其他應收款金額前五名如下：

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
9. Inventories

五、合併財務報表主要項目註釋(續)
9. 存貨

		2016 2016年			2015 2015年		
		Gross carrying amount 賬面餘額	Provision for decline in value 跌價準備	Carrying amount 賬面價值	Gross carrying amount 賬面餘額	Provision for decline in value 跌價準備	Carrying amount 賬面價值
Goods in transit	在途物資	366,189,377.40	-	366,189,377.40	330,170,151.75	-	330,170,151.75
Raw materials	原材料	2,236,284,388.23	(85,623,687.94)	2,150,660,700.29	1,991,638,996.78	(42,474,898.79)	1,949,164,097.99
Finished goods	產成品	10,275,888,770.07	(410,049,366.07)	9,865,839,404.00	7,106,869,239.30	(295,154,249.44)	6,811,714,989.86
OEM materials	委托加工材料	83,339,736.38	(679,124.35)	82,660,612.03	100,667,116.99	(61,989.08)	100,605,127.91
Self-made semi-finished goods and work in progress	自製半成品及在產品	2,259,007,697.65	(57,300,570.12)	2,201,707,127.53	1,410,327,184.27	(23,212,973.00)	1,387,114,211.27
Turnover materials	周轉材料	1,064,668,881.23	(74,567,106.81)	990,101,774.42	960,185,050.74	(26,196,251.33)	933,988,799.41
Second-hand vehicles	二手車	471,608,920.62	(38,111,090.22)	433,497,830.40	423,512,016.87	(13,643,598.47)	409,868,418.40
		16,756,987,771.58	(666,330,945.51)	16,090,656,826.07	12,323,369,756.70	(400,743,960.11)	11,922,625,796.59

The changes in provision for decline in value are as follows:

存貨跌價準備變動如下：

2016

2016年

		Decrease during the year 本年減少					Closing balance 年末餘額
		Opening balance 年初餘額	Charge during the year 本年計提	Reversal 轉回	Write-off 轉銷	Adjustment of exchange differences 匯兌差額調整	
Raw materials	原材料	42,474,898.79	64,863,277.48	(7,802,558.31)	(10,901,443.56)	449,746.16	89,083,920.56
Finished goods	產成品	295,154,249.44	342,796,317.84	(14,396,855.83)	(225,259,700.72)	1,415,054.95	399,709,065.68
OEM materials	委托加工材料	61,989.08	768,476.16	(224,362.69)	(904.07)	73,925.87	679,124.35
Self-made semi-finished goods and work in progress	自製半成品及在產品	23,212,973.00	44,351,759.65	(2,939,526.69)	(876,279.69)	431,711.62	64,180,637.89
Turnover materials	周轉材料	26,196,251.33	60,039,319.63	(10,935,953.35)	(757,735.82)	25,225.02	74,567,106.81
Second-hand vehicles	二手車	13,643,598.47	29,315,154.44	(5,347,612.90)	-	499,950.21	38,111,090.22
		400,743,960.11	542,134,305.20	(41,646,869.77)	(237,796,063.86)	2,895,613.83	666,330,945.51

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Inventories (continued)
2015

		Opening balance	Business combination under common control 同一控制下 企業合併	Charge during the year 本年計提	Decrease during the year 本年減少			Closing balance
					Reversal	Written-off and disposal	Adjustment of exchange differences	
		年初餘額	企業合併	本年計提	轉回	轉銷及處置	匯兌差額調整	年末餘額
Raw materials	原材料	40,246,072.01	1,309,002.68	23,623,594.97	(12,878,980.73)	(8,530,690.57)	(1,294,099.57)	42,474,898.79
Finished goods	產成品	218,015,651.82	18,796,863.65	166,240,392.52	(28,676,182.81)	(76,531,015.32)	(2,691,460.42)	295,154,249.44
OEM materials	委托加工材料	61,989.08	-	-	-	-	-	61,989.08
Self made semi-finished goods and work in progress	自製半成品及在產品	18,620,019.11	-	7,422,673.63	(4,500,470.02)	(1,080,924.11)	2,751,674.39	23,212,973.00
Turnover materials	周轉材料	5,473,962.42	1,176,639.84	40,364,758.45	(19,212,354.99)	(175,755.25)	(1,430,999.14)	26,196,251.33
Second-hand vehicles	二手車	1,115,782.38	-	19,595,370.22	(7,278,190.64)	-	210,636.51	13,643,598.47
		283,533,476.82	21,282,506.17	257,246,789.79	(72,546,179.19)	(86,318,385.25)	(2,454,248.23)	400,743,960.11

Provision for decline in value of inventories is determined based on the excess of cost over net realizable value and shall be reversed within the original provision for decline in value of inventories when the factors that give rise to the decline in value of inventories in prior years are not in effect in current year.

The increase in provision for decline in value of this year was mainly due to stocking up of inventories which was in turn due to the weak sales of products.

本集團按照成本高於可變現淨值的差額計提存貨跌價準備，並當以前減記存貨價值的影響因素消失時，在原已計提的存貨跌價準備的金額內轉回。

本年存貨跌價準備增加主要系產成品滯銷形成庫存積壓所致。

10. Non-current assets due within one year

10. 一年內到期的非流動資產

		2016 2016年	2015 2015年
Finance lease receivables	融資租賃應收款	1,463,427,824.40	1,289,424,886.40

As at 31 December 2016, none of the Group's non-current assets due within one year was pledged to secure its bank borrowings (31 December 2015: RMB73,939,079.20).

於2016年12月31日，本集團無一年內到期的非流動資產質押用於取得銀行借款(2015年12月31日：人民幣73,939,079.20元)。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

11. Other current assets

11. 其他流動資產

		2016 2016年	2015 2015年
Prepaid expenses	待攤費用	366,777,040.19	232,104,668.12
Input tax credits	待抵扣進項稅額	623,864,541.99	530,972,955.35
Principal-protected fixed income investment products	保本固定收益型投資產品	-	10,000,000.00
Principal-protected variable income wealth management products	保本浮動收益型理財產品	760,000,000.00	73,000,000.00
Prepaid corporate income tax	預繳企業所得稅	262,293,652.66	105,881,057.03
Others	其他	54,802,044.28	18,277,728.55
		2,067,737,279.12	970,236,409.05

12. Available-for-sale financial assets

12. 可供出售金融資產

		2016 2016年			2015 2015年		
		Gross carrying amount 賬面餘額	Provision for impairment 減值準備	Carrying amount 賬面價值	Gross carrying amount 賬面餘額	Provision for impairment 減值準備	Carrying amount 賬面價值
Available-for-sale equity instruments	可供出售權益工具						
At fair value	按公允價值計量	250,553,821.20	-	250,553,821.20	258,826,493.60	-	258,826,493.60
At cost	按成本計量	376,322,458.91	(128,491,930.00)	247,830,528.91	514,822,916.91	(123,356,130.00)	391,466,786.91
		626,876,280.11	(128,491,930.00)	498,384,350.11	773,649,410.51	(123,356,130.00)	650,293,280.51

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

12. Available-for-sale financial assets (continued)

12. 可供出售金融資產(續)

Available-for-sale financial assets at fair value:

以公允價值計量的可供出售金融資產：

		2016 2016年	2015 2015年
Cost of equity instruments	權益工具成本	197,422,120.40	199,912,290.80
Fair value	公允價值	250,553,821.20	258,826,493.60
Fair value changes accrued to other comprehensive income	累計計入其他綜合收益的公允價值變動	53,200,000.00	59,200,000.00
Adjustment of exchange differences	匯兌差額調整	(68,299.20)	(285,797.20)
Impairment provided for	已計提減值	-	-

Available-for-sale financial assets at cost:

以成本計量的可供出售金融資產：

2016

2016年

		Gross carrying amount 賬面餘額					Provision for impairment 減值準備				Percentage of shareholding (%)	Cash dividend for the year 本年現金 紅利
		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Adjustment of exchange differences 匯兌差額調整	Closing balance 年末餘額	Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額		
Foton Heavy-duty Machinery Co., Ltd.	福田重型機械股份有限公司	38,630,876.88	-	-	-	38,630,876.88	1,408,500.00	-	-	1,408,500.00	6.14	-
Xinjie Investment and Guarantee Co., Ltd. (Note)	信捷投資擔保有限公司(註)	5,135,800.00	-	-	-	5,135,800.00	-	5,135,800.00	-	5,135,800.00	25.00	-
Huarong Xiangjiang Bank Corporation Limited	華融湘江銀行	20,000,000.00	-	-	-	20,000,000.00	-	-	-	-	0.32	2,000,000.00
China National Machinery and Equipment Hainan Corp., Ltd.	中國機械設備海南股份有限公司	879,605.00	-	-	-	879,605.00	879,605.00	-	-	879,605.00	0.66	-
Zhuzhou Gear Share Co., Ltd.	株洲齒輪股份有限公司	1,680,000.00	-	-	-	1,680,000.00	-	-	-	-	2.45	-
Eastern Life Insurance Co., Ltd.	東方人壽保險有限公司	60,000,000.00	-	-	-	60,000,000.00	60,000,000.00	-	-	60,000,000.00	7.50	-
New Century Finance Leasing Co., Ltd.	新世紀金融租賃有限公司	61,068,025.00	-	-	-	61,068,025.00	61,068,025.00	-	-	61,068,025.00	11.22	-
XIAMEN FENGTAI BUS & COACH INTERNATIONAL CO., LTD	廈門豐泰國際新能源汽車有限公司	24,999,800.00	-	-	-	24,999,800.00	-	-	-	-	15.47	-
Yangzhou Suken Yinhe Auto Connecting Rod Co., Ltd.	揚州蘇轡銀河汽車有限公司	1,563,949.23	-	-	-	1,563,949.23	-	-	-	-	15.00	-
Others	其他	300,864,860.80	549,210.00	(144,742,464.80)	5,692,796.80	162,364,402.80	-	-	-	-	-	19,379,118.45
		514,822,916.91	549,210.00	(144,742,464.80)	5,692,796.80	376,322,458.91	123,356,130.00	5,135,800.00	-	128,491,930.00	-	21,379,118.45

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Available-for-sale financial assets (continued)
2015

五、合併財務報表主要項目註釋(續)

12. 可供出售金融資產(續)
2015年

		Gross carrying amount 賬面餘額				Provision for impairment 減值準備				Percentage of shareholding (%) 持股比例	Cash dividend for the year 本年現金 紅利	
		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Adjustment of exchange differences 匯兌差額調整	Closing balance 年末餘額	Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少			Closing balance 年末餘額
Foton Heavy-duty Machinery Co., Ltd.	福田重機機械股份有限公司	38,630,876.88	-	-	-	38,630,876.88	1,408,500.00	-	-	1,408,500.00	6.14	-
Xinjie Investment and Guarantee Co., Ltd. (Note)	信捷投資擔保有限責任公司(註)	5,135,800.00	-	-	-	5,135,800.00	-	-	-	-	25.00	-
Huarong Xiangjiang Bank Corporation Limited	華融湘江銀行	20,000,000.00	-	-	-	20,000,000.00	-	-	-	-	0.32	2,000,000.00
China National Machinery and Equipment Hainan Corp., Ltd.	中國機械設備海南股份有限公司	879,605.00	-	-	-	879,605.00	879,605.00	-	-	879,605.00	0.66	-
Zhuzhou Gear Share Co., Ltd.	株洲齒輪股份有限公司	1,680,000.00	-	-	-	1,680,000.00	-	-	-	-	2.45	-
Eastern Life Insurance Co., Ltd.	東方人壽保險有限公司	60,000,000.00	-	-	-	60,000,000.00	60,000,000.00	-	-	60,000,000.00	7.50	-
New Century Finance Leasing Co., Ltd.	新世紀金融租賃有限公司	61,068,025.00	-	-	-	61,068,025.00	61,068,025.00	-	-	61,068,025.00	11.22	-
XIAMEN FENGTAI BUS & COACH INTERNATIONAL CO., LTD	廈門豐泰國際新能源汽車有限公司	24,999,800.00	-	-	-	24,999,800.00	-	-	-	-	15.47	-
Yangzhou Suken Yinhe Auto Connecting Rod Co., Ltd.	揚州蘇總銀河汽車連有限公司	1,563,949.23	-	-	-	1,563,949.23	-	-	-	-	15.00	-
Others	其他	84,703,071.60	219,991,598.00	(5,304,418.60)	1,474,609.80	300,864,860.80	-	-	-	-	-	69,029,200.80
		298,661,127.71	219,991,598.00	(5,304,418.60)	1,474,609.80	514,822,916.91	123,356,130.00	-	-	123,356,130.00	-	71,029,200.80

Note: The Group has no board seats in Xinjie Investment and Guarantee Co., Ltd., as such the Group has no significant influence over that investee.

註：本集團在信捷投資擔保有限責任公司無董事會席位，本集團對該被投資單位無重大影響。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term receivables

五、合併財務報表主要項目註釋(續)

13. 長期應收款

		2016 2016年			2015 2015年		
		Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
		賬面餘額	減值準備	賬面價值	賬面餘額	減值準備	賬面價值
Finance lease receivables	融資租賃應收款	5,345,253,006.00	-	5,345,253,006.00	4,638,309,620.00	-	4,638,309,620.00
Other long-term receivables	其他長期應收款	147,911,552.40	-	147,911,552.40	-	-	-
		5,493,164,558.40	-	5,493,164,558.40	4,638,309,620.00	-	4,638,309,620.00
Less: Finance lease receivables classified as due within one year	減：分類為一年內到期的融資租賃應收款	1,463,427,824.40	-	1,463,427,824.40	1,289,424,886.40	-	1,289,424,886.40
		4,029,736,734.00	-	4,029,736,734.00	3,348,884,733.60	-	3,348,884,733.60

The discount rate ranged from 0% to 15%.

As at 31 December 2016, among the finance lease receivables, unrealized finance income amounted to RMB557,698,816.80 (31 December 2015: RMB511,159,493.60).

採用的折現率區間為0%-15%。

於2016年12月31日，融資租賃應收款中未實現融資收益為人民幣557,698,816.80元(2015年12月31日：人民幣511,159,493.60元)。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

14. Long-term equity investments
201614. 長期股權投資
2016年

		Change during the year 本年變動					Closing balance 年末餘額	Closing provision for impairment 年末減值準備
		Opening balance 年初餘額	Increase in other associates 其他聯營企業增加	Gains and losses on investment under equity method 權益法下投資權益	Disposal transfer out 處置轉出	Other comprehensive income 其他綜合收益		
Jointly-controlled enterprises Xi'an FC Intelligence Transmission Co., Ltd. (Note 1)	合營企業 西安雙特智能傳動有限公司(註1)	158,050,798.96	-	(28,873,874.43)	-	-	129,176,924.53	-
Associates Shanzhong Finance Leasing Co., Ltd.	聯營企業 山東融資租賃有限公司	391,030,428.38	-	16,682,950.60	-	-	407,713,378.98	-
Shandong Heavy Industry Group Finance Co., Ltd.	山東重工集團財務有限公司	237,468,864.87	-	30,295,575.36	-	-	267,764,440.23	-
22 associates which are not individually significant	單項不重大的22家聯營企業	660,600,073.97	76,922,551.80	69,146,305.78	(25,793,919.73)	17,013,548.94	740,316,048.11	(4,844,091.33)
		1,447,150,166.18	76,922,551.80	87,250,957.31	(25,793,919.73)	17,013,548.94	1,544,970,791.85	(4,844,091.33)

2015

2015年

		Change during the year 本年變動							Closing balance 年末餘額	Closing provision for impairment 年末減值準備
		Opening balance 年初餘額	Other increase 其他增加	Other decrease 其他減少	Gains and losses on investment under equity method 權益法下投資權益	Other comprehensive income 其他綜合收益	Other equity changes 其他權益變動	Declaration of cash dividend 宣告現金股利		
Jointly-controlled enterprises Xi'an FC Intelligence Transmission Co., Ltd. (Note 1)	合營企業 西安雙特智能傳動有限公司(註1)	192,653,453.02	-	-	(34,602,654.06)	-	-	158,050,798.96	-	
Associates Shanzhong Finance Leasing Co., Ltd.	聯營企業 山東融資租賃有限公司	391,082,871.61	-	-	16,066,956.77	-	(16,119,400.00)	391,030,428.38	-	
Shandong Heavy Industry Group Finance Co., Ltd.	山東重工集團財務有限公司	228,029,963.54	-	-	22,718,404.78	-	(13,279,503.45)	237,468,864.87	-	
24 associates which are not individually significant	單項不重大的24家聯營企業	665,959,370.13	49,050,703.65	(12,118,687.10)	27,998,182.16	(6,561,087.89)	1,224,635.37	660,600,073.97	(4,844,091.33)	
		1,477,725,658.30	49,050,703.65	(12,118,687.10)	32,180,889.65	(6,561,087.89)	1,224,635.37	1,447,150,166.18	(4,844,091.33)	

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Long-term equity investments (continued)

Note 1: Xi'an FC Intelligence Transmission Co., Ltd. is held as to 51% by the Group, and as to 4% and 45% by Shaanxi Fast Gear Automotive Transmission Co., Ltd. ("Transmission Co") and Caterpillar (China) Investment Co., Ltd ("Caterpillar") respectively. Its board of directors comprises seven directors, three of whom being nominated by the Group, one being nominated by Transmission Co and three being nominated by Caterpillar. According to its articles of association, board resolutions require unanimous approval or approval by substantially all directors, and thus Xi'an FC Intelligence Transmission Co. is a jointly-controlled enterprise of the Group.

Provision for impairment of long-term equity investments is presented as follows:

2016

		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Adjustment of exchange differences 匯兌差額調整	Closing balance 年末餘額
Zhuzhou Auto Trading Market	株洲汽車交易市場	(284,499.56)	-	-	-	(284,499.56)
Torque Turbine Engine Co.	Torque Turbine Engine Co.	(4,559,591.77)	-	-	-	(4,559,591.77)
		(4,844,091.33)	-	-	-	(4,844,091.33)

2015

		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Adjustment of exchange differences 匯兌差額調整	Closing balance 年末餘額
Zhuzhou Auto Trading Market	株洲汽車交易市場	(284,499.56)	-	-	-	(284,499.56)
Torque Turbine Engine Co.	Torque Turbine Engine Co.	(4,254,432.61)	-	-	(305,159.16)	(4,559,591.77)
		(4,538,932.17)	-	-	(305,159.16)	(4,844,091.33)

五、合併財務報表主要項目註釋(續)

14. 長期股權投資(續)

註1：本集團持有西安雙特智能傳動有限公司51%股權，另外兩位股東為陝西法士特傳動集團有限責任公司(「傳動集團」)和卡特彼勒(中國)投資有限公司(「卡特彼勒」)，股權分別為4%和45%。董事會由七名董事組成，其中三名由本集團委任，一名由傳動集團委任，另外三名由卡特彼勒委任，根據公司章程約定，董事會決議需要董事會全體或者絕大多數同意通過，因此西安雙特智能傳動有限公司屬於本集團合營企業。

長期股權投資減值準備的情況：

2016年

2015年

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

15. Investment property

15. 投資性房地產

Subsequent measure under the cost model:

採用成本模式進行後續計量：

2016

2016年

		Houses and buildings 房屋及建築物	Land use rights 土地使用權	Total 合計
Gross carrying amount	原價			
Opening balance	年初餘額	695,589,346.33	46,257,447.37	741,846,793.70
Directly acquired	直接購入	4,672,434.77	16,084,219.67	20,756,654.44
Transfer from construction in progress	在建工程轉入	49,454,537.11	–	49,454,537.11
Other transfer-out	其他轉出	(16,518,800.68)	–	(16,518,800.68)
Closing balance	年末餘額	733,197,517.53	62,341,667.04	795,539,184.57
Less: Accumulated depreciation and amortization	減：累計折舊和攤銷			
Opening balance	年初餘額	148,483,447.23	4,472,503.95	152,955,951.18
Provision	計提	40,715,117.52	2,204,903.05	42,920,020.57
Other transfer-out	其他轉出	(8,453,380.00)	–	(8,453,380.00)
Closing balance	年末餘額	180,745,184.75	6,677,407.00	187,422,591.75
Carrying amount	賬面價值			
At year end	年末	552,452,332.78	55,664,260.04	608,116,592.82
At year beginning	年初	547,105,899.10	41,784,943.42	588,890,842.52

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 五、合併財務報表主要項目註釋(續)

15. Investment property (Continued)

2015

15. 投資性房地產(續)

2015年

		Houses and buildings 房屋及建築物	Land use rights 土地使用權	Total 合計
Gross carrying amount	原價			
Opening balance	年初餘額	592,636,238.34	47,204,688.83	639,840,927.17
Directly acquired	直接購入	1,053,791.00	–	1,053,791.00
Transfer from construction in progress	在建工程轉入	90,012,504.91	–	90,012,504.91
Transfer from fixed assets	固定資產轉入	31,950,882.49	–	31,950,882.49
Transfer from intangible assets	無形資產轉入	–	300,218.79	300,218.79
Disposals and retirements	處置及報廢	(20,064,070.41)	(1,247,460.25)	(21,311,530.66)
Closing balance	年末餘額	695,589,346.33	46,257,447.37	741,846,793.70
Less: Accumulated depreciation and amortization	減：累計折舊和攤銷			
Opening balance	年初餘額	113,972,710.07	3,704,901.78	117,677,611.85
Provision	計提	32,533,101.52	933,329.13	33,466,430.65
Transfer from fixed assets	固定資產轉入	5,229,981.96	–	5,229,981.96
Transfer from intangible assets	無形資產轉入	–	37,175.31	37,175.31
Disposals or retirements	處置或報廢	(3,252,346.32)	(202,902.27)	(3,455,248.59)
Closing balance	年末餘額	148,483,447.23	4,472,503.95	152,955,951.18
Carrying amount	賬面價值			
At year end	年末	547,105,899.10	41,784,943.42	588,890,842.52
At year beginning	年初	478,663,528.27	43,499,787.05	522,163,315.32

As at 31 December 2016, investment properties for which the Group had not obtained real estate certificates had a carrying amount of RMB16,874,748.27, for which the Group was in the process of applying for real estate certificates (31 December 2015: RMB116,401,788.08).

於2016年12月31日，本集團尚未獲得房地產證的投資性房地產賬面價值為人民幣16,874,748.27元，尚在申請房地產證過程中(2015年12月31日：人民幣116,401,788.08元)。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Fixed assets
2016

五、合併財務報表主要項目註釋(續)

16. 固定資產
2016年

		Houses and buildings	Machinery and equipment	Electronic equipment	Vehicles	Forklift trucks and equipment leased out (long-term)	Forklift trucks and equipment leased out (short-term)	Others	Total
		房屋及建築物	機器設備	電子設備	運輸設備	租出的叉車及設備(長期)	租出的叉車及設備(短期)	其他	合計
Gross carrying amount	原價								
Opening balance	年初餘額	10,687,124,142.00	15,708,729,835.89	1,033,223,335.51	402,370,615.50	2,636,668,557.60	4,696,412,212.80	1,647,730,127.10	36,812,258,826.40
Addition	購置	174,386,500.53	248,762,208.38	32,436,616.12	9,173,100.55	2,094,181,776.40	2,122,491,611.60	291,660,556.11	4,973,092,369.69
Transfer from construction-in-progress	在建工程轉入	527,117,546.32	829,836,521.83	160,813,236.48	14,482,554.82	-	-	88,936,014.70	1,621,185,874.15
Increase arising from acquisition of subsidiaries	因收購子公司增加	513,665,128.80	311,299,550.80	-	-	54,518,246.00	44,822,858.80	272,972,015.60	1,197,277,800.00
Transfer from investment property	投資性房地產轉入	16,518,800.68	-	-	-	-	-	-	16,518,800.68
Disposals or retirements	處置或報廢	(44,726,132.74)	(248,511,585.83)	(11,622,223.61)	(20,448,615.47)	(983,247,130.54)	(1,111,903,751.86)	(176,472,539.75)	(2,596,931,979.80)
Exchange rate adjustment	匯兌差額調整	105,667,007.23	44,791,832.69	608,489.41	418,472.09	169,974,663.75	14,317,021.12	39,102,411.12	374,879,897.41
Closing balance	年末餘額	11,979,752,992.82	16,894,908,363.76	1,215,459,453.91	405,996,127.49	3,972,096,113.21	5,766,139,952.46	2,163,928,584.88	42,398,281,588.53
Less: Accumulated depreciation	減: 累計折舊								
Opening balance	年初餘額	1,926,672,852.95	8,222,121,887.46	752,153,695.38	302,677,976.06	264,083,344.00	682,446,135.84	773,690,245.25	12,923,846,136.94
Provision	計提	489,063,782.08	1,431,469,131.08	174,456,181.38	38,613,964.22	689,924,924.80	1,344,548,095.36	321,265,055.03	4,489,341,133.95
Transfer from investment property	投資性房地產轉入	8,453,380.00	-	-	-	-	-	-	8,453,380.00
Disposals or retirements	處置或報廢	(32,376,453.61)	(163,959,805.68)	(10,444,839.61)	(18,066,119.26)	(236,160,428.94)	(433,263,261.86)	(160,027,683.89)	(1,054,298,592.85)
Exchange rate adjustment	匯兌差額調整	20,067,634.18	17,235,787.16	385,572.56	201,616.80	113,157,248.55	(82,476,563.37)	6,961,865.71	75,533,161.59
Closing balance	年末餘額	2,411,881,195.60	9,506,867,000.02	916,550,609.71	323,427,437.82	831,005,088.41	1,511,254,405.97	941,889,482.10	16,442,875,219.63
Less: Provision for impairment	減: 減值準備								
Opening balance	年初餘額	1,850,543.45	148,965,921.91	144,649.06	58,339.59	-	-	375,454.83	151,394,908.84
Provision	計提	-	4,555,003.96	-	-	-	-	-	4,555,003.96
Disposals or retirements	處置或報廢	-	(2,103,880.37)	-	-	-	-	(88.15)	(2,103,968.52)
Closing balance	年末餘額	1,850,543.45	151,417,045.50	144,649.06	58,339.59	-	-	375,366.68	153,845,944.28
Carrying amount	賬面價值								
At year end	年末	9,566,021,253.77	7,236,624,318.24	298,764,195.14	82,510,350.08	3,141,091,024.80	4,254,885,546.49	1,221,663,736.10	25,801,560,424.62
At year beginning	年初	8,758,600,745.60	7,337,642,026.52	280,924,991.07	99,634,299.85	2,372,585,213.60	4,013,966,076.96	873,664,427.02	23,737,017,780.62

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Fixed assets (Continued)

2015

五、合併財務報表主要項目註釋(續)

16. 固定資產(續)

2015年

		Houses and buildings	Machinery and equipment	Electronic equipment	Vehicles	Forklift trucks and equipment leased out (long-term) 租出的叉車 及設備(長期)	Forklift trucks and equipment leased out (short-term) 租出的叉車 及設備(短期)	Others	Total
		房屋及建築物	機器設備	電子設備	運輸設備	及設備(長期)	及設備(短期)	其他	合計
Gross carrying amount	原價								
Opening balance	年初餘額	9,952,875,912.27	13,866,863,024.78	934,672,528.96	392,279,273.45	2,324,506,968.00	4,522,082,346.00	2,322,944,709.27	34,316,224,762.73
Addition	購置	117,642,255.04	328,567,473.71	38,115,445.76	13,716,770.07	1,667,804,060.00	2,047,791,936.00	253,528,706.17	4,467,166,646.75
Transfer from construction-in-progress	在建工程轉入	982,531,883.59	752,608,269.51	53,558,774.45	19,925,019.55	-	2,653,372.00	49,391,457.29	1,860,668,776.39
Increase arising from acquisition of subsidiaries	因收購子公司增加	-	604,302.00	-	100,873.00	-	-	8,488,012.00	9,193,187.00
Business combination under common control	同一控制下企業合併	-	209,670,316.44	-	-	-	-	1,749,240.96	211,419,557.40
Internal re-classification	內部重分類	-	754,166,607.32	19,744,400.55	-	-	-	(773,911,007.87)	-
Other transfer-in	其他轉入	-	119,441,856.13	8,122,829.31	7,672,139.46	-	-	-	135,236,824.90
Disposals or retirements	處置或報廢	(193,593,979.76)	(238,741,313.08)	(19,540,486.14)	(30,847,885.01)	(1,172,769,586.00)	(1,617,292,748.00)	(178,169,591.61)	(3,450,955,589.60)
Decrease upon disposal of subsidiaries	處理子公司減少	(6,557,024.00)	(19,406,017.31)	(1,644,625.73)	(579,055.58)	(23,012,098.00)	(57,561,502.00)	(5,237,284.00)	(113,997,606.62)
Other transfer-out	其他轉出	(31,950,882.49)	-	-	-	-	-	-	(31,950,882.49)
Exchange rate adjustment	匯兌差額調整	(133,824,022.65)	(65,044,683.61)	194,468.35	103,480.56	(159,860,786.40)	(201,261,191.20)	(31,054,115.11)	(590,746,850.06)
Closing balance	年末餘額	10,687,124,142.00	15,708,729,835.89	1,033,223,335.51	402,370,615.50	2,636,668,557.60	4,696,412,212.80	1,647,730,127.10	36,812,258,826.40
Less: Accumulated depreciation	減：累計折舊								
Opening balance	年初餘額	1,418,700,650.65	6,491,170,205.73	625,036,855.07	281,624,939.96	242,791,614.00	621,841,773.60	1,017,872,439.48	10,699,038,478.49
Provision	計提	556,207,968.83	1,363,253,896.45	125,914,875.66	38,118,081.61	559,521,138.00	1,207,612,111.20	287,848,365.94	4,138,476,437.69
Business combination under common control	同一控制下企業合併	-	86,727,352.17	-	78,680.95	-	-	1,250,199.59	88,056,232.71
Internal re-classification	內部重分類	-	344,434,666.13	13,730,036.77	-	-	-	(358,164,702.90)	-
Other transfer-in	其他轉入	-	97,991,658.78	7,742,744.55	7,297,072.47	-	-	-	113,031,475.80
Disposals or retirements	處置或報廢	(47,487,529.62)	(149,697,561.64)	(18,796,211.68)	(24,190,043.01)	(440,848,728.00)	(1,118,215,702.00)	(165,901,556.53)	(1,965,137,332.48)
Decrease upon disposal of subsidiaries	處理子公司減少	(854,358.00)	(9,836,621.28)	(1,469,270.43)	(309,743.76)	(9,856,374.00)	(37,876,538.00)	(3,903,652.00)	(64,106,557.47)
Other transfer-out	其他轉出	(5,229,981.96)	-	-	-	-	-	-	(5,229,981.96)
Exchange rate adjustment	匯兌差額調整	5,336,103.05	(1,921,708.88)	(5,334.56)	58,987.84	(87,524,306.00)	9,084,491.04	(5,310,848.33)	(80,282,615.84)
Closing balance	年末餘額	1,926,672,852.95	8,222,121,887.46	752,153,695.38	302,677,976.06	264,083,344.00	682,446,135.84	773,690,245.25	12,923,846,136.94
Less: Provision for impairment	減：減值準備								
Opening balance	年初餘額	2,266,175.34	103,946,231.22	144,649.06	1,047,369.85	-	-	389,164.52	107,793,589.99
Provision	計提	4,690,547.50	4,946,821.57	-	-	-	-	-	9,637,369.07
Business combination under common control	同一控制下企業合併	-	43,331,098.83	-	-	-	-	6,290.30	43,337,389.13
Disposals or retirements	處置或報廢	(5,106,179.39)	(3,258,229.71)	-	(989,030.26)	-	-	(19,999.99)	(9,373,439.35)
Closing balance	年末餘額	1,850,543.45	148,965,921.91	144,649.06	58,339.59	-	-	375,454.83	151,394,908.84
Carrying amount	賬面價值								
At year end	年末	8,758,600,745.60	7,337,642,026.52	280,924,991.07	99,634,299.85	2,372,585,213.60	4,013,966,076.96	873,664,427.02	23,737,017,780.62
At year beginning	年初	8,531,909,086.28	7,271,746,587.83	309,491,024.83	109,606,963.64	2,081,715,354.00	3,900,240,572.40	1,304,683,105.27	23,509,392,694.25

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

16. Fixed assets (continued)

Fixed assets which are temporarily idle are presented as follows:

16. 固定資產(續)

暫時閑置的固定資產如下：

2016

2016年

		Gross carrying amount 原價	Accumulated depreciation 累計折舊	Provision for impairment 減值準備	Carrying amount 賬面價值
Machinery and equipment	機器設備	6,019,128.29	5,055,445.40	-	963,682.89

2015

2015年

		Gross carrying amount 原價	Accumulated depreciation 累計折舊	Provision for impairment 減值準備	Carrying amount 賬面價值
Machinery and equipment	機器設備	5,482,924.55	4,631,954.67	-	850,969.88

Fixed assets leased in under finance lease are presented as follows:

融資租入固定資產如下：

2016

2016年

		Gross carrying amount 原價	Accumulated depreciation 累計折舊	Provision for impairment 減值準備	Carrying amount 賬面價值
Houses and buildings	房屋建築物	31,536,148.80	16,294,164.00	-	15,241,984.80
Machinery and equipment	機器設備	64,080,636.00	13,254,535.20	-	50,826,100.80
Electronic equipment	電子設備	133,729,053.60	58,929,342.00	-	74,799,711.60
Forklift trucks and equipment leased out (long-term)	租出的卡車及設備 (長期)	3,395,314,930.12	710,336,281.72	-	2,684,978,648.40
Forklift trucks and equipment leased out (short-term)	租出的卡車及設備 (短期)	4,367,897,162.42	1,144,787,307.62	-	3,223,109,854.80
		7,992,557,930.94	1,943,601,630.54	-	6,048,956,300.40

2015

2015年

		Gross carrying amount 原價	Accumulated depreciation 累計折舊	Provision for impairment 減值準備	Carrying amount 賬面價值
Houses and buildings	房屋建築物	43,720,622.40	24,457,154.40	-	19,263,468.00
Machinery and equipment	機器設備	45,366,708.80	6,676,583.20	-	38,690,125.60
Electronic equipment	電子設備	144,777,556.00	70,249,575.20	-	74,527,980.80
Forklift trucks and equipment leased out (long-term)	租出的卡車及設備 (長期)	2,252,624,050.78	224,248,274.78	-	2,028,375,776.00
Forklift trucks and equipment leased out (short-term)	租出的卡車及設備 (短期)	3,498,035,390.91	509,501,674.91	-	2,988,533,716.00
		5,984,524,328.89	835,133,262.49	-	5,149,391,066.40

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Fixed assets (continued)

Fixed assets leased out under operating lease are presented as follows:

		2016	2015
		2016年	2015年
Houses and buildings	房屋建築物	–	2,349,951.44
Electronic equipment	電子設備	536,355.42	923,041.78
Machinery and equipment	機器設備	16,285,194.54	10,443,268.08
Vehicles	運輸設備	230,256.58	609,335.85
Other equipment	其他設備	–	602,097.13
Forklift trucks and equipment leased out (long-term)	租出的叉車及設備(長期)	3,141,091,024.80	2,372,585,213.60
Forklift trucks and equipment leased out (short-term)	租出的叉車及設備(短期)	4,254,885,546.49	4,013,966,076.96

As at 31 December 2016, the fixed assets for which the Group had not obtained real estate certificates had a carrying amount of RMB1,931,155,206.13 (31 December 2015: 1,794,017,705.49).

As at 31 December 2016, fixed assets with a carrying amount of RMB536,076,525.54 (31 December 2015: RMB31,803,401.00) were pledged for securing bank borrowings of the Group, while fixed assets with a carrying amount of RMB133,933,644.00 (31 December 2015: RMB130,047,920.80) was used to provide guarantee to the obligations under the staff retirement benefit.

五、合併財務報表主要項目註釋(續)

16. 固定資產(續)

經營性租出固定資產賬面價值如下：

於2016年12月31日，本集團尚未獲得房地產證的固定資產賬面價值為人民幣1,931,155,206.13元(2015年12月31日：人民幣1,794,017,705.49元)。

於2016年12月31日，本集團將賬面價值為人民幣536,076,525.54元(2015年12月31日：人民幣31,803,401.00元)的固定資產用於抵押取得銀行借款，將賬面價值為人民幣133,933,644.00元(2015年12月31日：人民幣130,047,920.80元)的固定資產用於對員工退休福利下的義務提供擔保。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Construction in progress

五、合併財務報表主要項目註釋(續)

17. 在建工程

		2016 2016年			2015 2015年		
		Gross carrying amount 賬面餘額	Provision for impairment 減值準備	Carrying amount 賬面價值	Gross carrying amount 賬面餘額	Provision for impairment 減值準備	Carrying amount 賬面價值
Project of global accessories distribution centre of Weichai Power	濰柴動力全球配件分銷中心項目	154,066,700.50	-	154,066,700.50	26,681,204.24	-	26,681,204.24
FAST transmission technology renovation project	法士特傳動技改項目	131,661,689.22	-	131,661,689.22	128,459,476.96	-	128,459,476.96
Phase II production line renovation project of motor of Weichai Power	濰柴動力發動機二期生產線改造項目	82,581,715.94	-	82,581,715.94	14,095,589.31	-	14,095,589.31
Construction of Yulin new factory area	榆林新廠區建設	75,878,330.21	(24,000,000.00)	51,878,330.21	110,164,120.21	-	110,164,120.21
Phase I project of diesel engines of WP9 series of Weichai Power	濰柴動力WP9系列柴油機一期項目	70,022,692.70	-	70,022,692.70	21,486,564.08	-	21,486,564.08
Weichai Power Testing Centre	濰柴動力實驗中心	30,610,563.83	-	30,610,563.83	289,866,753.20	-	289,866,753.20
Phase II of new base of Shaanxi Zhongqi	陝重汽新基地二期	25,567,245.43	-	25,567,245.43	16,801,967.81	-	16,801,967.81
Weichai Power Information Centre	濰柴動力信息化中心	20,322,855.12	-	20,322,855.12	2,754,039.59	-	2,754,039.59
Project of transportation of casting and heat processing of Weichai Power	濰柴動力鑄造和熱處理搬運項目	19,782,400.09	-	19,782,400.09	17,749,151.40	-	17,749,151.40
Zhuzhou Gear technology renovation project	株州齒輪技改項目	15,909,185.38	-	15,909,185.38	19,464,817.18	-	19,464,817.18
Landking project of Weichai Power	濰柴動力藍擎項目	13,071,030.69	-	13,071,030.69	22,880,200.23	-	22,880,200.23
Project of relocation of the equipment technology services company of Weichai Power	濰柴動力裝備技術服務公司搬遷項目	11,660,757.74	-	11,660,757.74	48,263,139.86	-	48,263,139.86
Project of renovation of production trial chamber in the technology centre of Weichai Power	濰柴動力技術中心產試室改造項目	7,671,220.90	-	7,671,220.90	49,887,497.91	-	49,887,497.91
Industrial park project of Weichai Power	濰柴動力工業園項目	6,044,137.13	-	6,044,137.13	106,295,112.35	-	106,295,112.35
Renovation for the casting project of Weichai Power	濰柴動力鑄造項目改建	5,496,990.65	-	5,496,990.65	35,688,065.03	-	35,688,065.03
Weichai Power Landking Phase II	濰柴動力藍擎二期	4,429,807.26	-	4,429,807.26	59,617,894.67	-	59,617,894.67
Logistics Park of Weichai Power	濰柴動力物流園	3,271,126.14	-	3,271,126.14	111,695,443.33	-	111,695,443.33
Project of catering services centre of Weichai Power	濰柴動力餐飲服務中心項目	2,888,954.00	-	2,888,954.00	82,282,921.13	-	82,282,921.13
Phase III project of testing centre of Weichai Power	濰柴動力試驗中心三期項目	2,806,301.89	-	2,806,301.89	14,674,249.48	-	14,674,249.48
Project T of Weichai Power	濰柴動力T項目	2,269,505.00	-	2,269,505.00	42,089,283.33	-	42,089,283.33
Project of three companies of Weichai Power	濰柴動力三公司項目	1,594,301.27	-	1,594,301.27	15,554,720.50	-	15,554,720.50
Project of relocation of five production lines for processing in Factory I	一號工廠加工五生產線搬遷項目	1,388,332.64	-	1,388,332.64	112,475,984.12	-	112,475,984.12
Project of new heavy-duty truck in Xinjiang	新疆重型卡車新建項目	1,240,185.49	-	1,240,185.49	3,377,719.36	-	3,377,719.36
150,000-tonne casting project in Jinding new factory area	金鼎新廠區15萬噸鑄造項目	907,258.00	-	907,258.00	907,258.00	-	907,258.00
Others	其他	824,442,226.06	(3,519,933.91)	820,922,292.15	1,019,641,295.87	(3,738,267.94)	1,015,903,027.93
Prepaid project equipment monies	預付工程設備款	154,428,844.36	-	154,428,844.36	220,548,762.24	-	220,548,762.24
		1,670,014,357.64	(27,519,933.91)	1,642,494,423.73	2,593,403,231.39	(3,738,267.94)	2,589,664,963.45

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Construction in progress (continued)

Movement in key construction-in-progress in 2016 is presented as follows:

		Budget	Opening balance	Increase during the year	Fixed asset transferred in during the year	Other decreases	Closing balance	Source of funding	Actual costs as a percentage of budget (%)
		預算	年初餘額	本年增加	本年轉入固定資產	其他減少	年末餘額	資金來源	佔預算比例(%)
FAST transmission technology renovation project	法士特傳動技改項目	2,383,600,000.00	128,459,476.96	163,963,276.53	(144,634,303.34)	(16,126,760.93)	131,661,689.22	Internal fund 自有資金	97.11%
Weichai Power Testing Centre	濰柴動力實驗中心	942,310,000.00	289,866,753.20	34,370,484.93	(293,262,674.30)	(364,000.00)	30,610,563.83	Internal fund 自有資金	98.46%
Project of global accessories distribution centre of Weichai Power	濰柴動力全球配件分銷中心項目	419,620,000.00	26,681,204.24	127,385,496.26	-	-	154,066,700.50	Internal fund 自有資金	30.36%

Movement in key construction-in-progress in 2015 is presented as follows:

		Budget	Opening balance	Increase during the year	Fixed asset transferred in during the year	Other decreases	Closing balance	Source of funding	Actual costs as a percentage of budget (%)
		預算	年初餘額	本年增加	本年轉入固定資產	其他減少	年末餘額	資金來源	佔預算比例(%)
FAST transmission technology renovation project	法士特傳動技改項目	2,383,600,000.00	363,289,454.44	185,242,431.45	(373,585,588.88)	(46,486,820.05)	128,459,476.96	Internal fund 自有資金	97%
Weichai Power Testing Centre	濰柴動力實驗中心	942,310,000.00	465,540,981.73	46,902,075.76	(190,364,527.88)	(32,211,776.41)	289,866,753.20	Internal fund 自有資金	98.32%

Provision for impairment of construction-in-progress was made in respect of the construction project of Shaanxi Zhongqi Yulin new factory area because its recoverable amount was lower than carrying amount. Therefore, a provision for impairment of RMB24,000,000.00 was made during the year; Provision amount for other construction-in-progress decreased since part of the sparkplug construction-in-progress was abandoned which led to the transfer out of RMB218,334.03 of provision for impairment of construction-in-progress.

As at 31 December 2016, construction-in-progress with carrying amount of RMB46,802,426.45 (31 December 2015: Nil) were pledged to secure bank borrowings of the Group.

五、合併財務報表主要項目註釋(續)

17. 在建工程(續)

重要在建工程2016年變動如下：

重要在建工程2015年變動如下：

在建工程減值準備系陝重汽榆林新廠區建設項目，計提原因在於可收回金額低於賬面價值，因此本年計提減值準備人民幣24,000,000.00元；其他在建工程減值準備金額減少，是由於火花塞部分在建工程報廢導致在建工程減值準備轉出人民幣218,334.03元。

於2016年12月31日，本集團將賬面價值為人民幣46,802,426.45元(2015年12月31日：無)的在建工程用於抵押取得銀行借款。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
18. Intangible assets
2016

五、合併財務報表主要項目註釋(續)
18. 無形資產
2016年

		Opening balance 年初餘額	Addition 購置	Internal R&D 內部研發	Increase upon acquisition of subsidiaries 收購子公司增加	Disposals and retirements 處置或報廢	Adjustment of exchange differences 匯兌差額調整	Closing balance 年末餘額
Gross carrying amount	資產原價							
Technology know-how	專有技術	1,315,258,860.32	2,912,205.94	8,616,156.14	3,090,221.60	(143,199,198.62)	17,269,515.88	1,203,947,761.26
Trademark rights	商標使用權	4,470,292,096.00	-	-	2,588,748,933.20	-	230,072,130.90	7,289,113,160.10
Licence	特許權	605,481,486.28	143,644,044.80	-	111,328,528.40	-	27,677,117.22	888,131,176.70
Land use rights	土地使用權	1,526,007,699.09	270,085,480.53	-	-	(9,609,798.33)	837,130.35	1,787,320,511.64
Orders on hand	在手訂單	269,392,256.45	-	-	-	(278,266.40)	3,285,267.58	272,399,257.63
Customer relationship	客戶關係	4,898,046,182.49	21,968.40	-	5,047,298,482.40	(117,314,175.53)	352,413,113.10	10,180,465,570.86
Software	軟件	274,642,919.04	38,319,127.32	-	826,737.87	-	23,818,620.10	337,607,404.33
Others	其他	1,632,726,977.66	385,544,687.72	68,830,949.10	4,675,410,084.40	(11,017,305.03)	241,402,118.96	6,992,897,512.81
		14,991,848,477.33	840,527,514.71	77,447,105.24	12,426,702,987.87	(281,418,743.91)	896,775,014.09	28,951,882,355.33
		Opening balance 年初餘額	Provision 計提			Disposals and retirements 處置或報廢	Adjustment of exchange differences 匯兌差額調整	Closing balance 年末餘額
Less: Accumulated amortization	減: 累計攤銷							
Technology know-how	專有技術	579,116,751.03	156,807,755.65			(125,352,683.06)	4,584,299.37	615,156,122.99
Trademark rights	商標使用權	19,594,127.24	2,270,542.13			-	171,377.17	22,036,046.54
Licence	特許權	194,207,102.40	174,128,861.20			-	11,508,782.70	379,844,746.30
Land use rights	土地使用權	173,413,753.78	45,856,154.17			(1,105,126.81)	-	218,164,781.14
Orders on hand	在手訂單	77,231,252.00	20,591,707.14			(278,266.40)	(2,490,410.00)	95,054,282.74
Customer relationship	客戶關係	755,477,881.60	525,198,538.80			(117,314,175.53)	19,502,167.09	1,182,864,411.96
Software	軟件	89,164,483.68	20,961,812.34			-	21,246,109.33	131,372,405.35
Others	其他	236,675,663.26	461,548,761.20			(11,009,982.23)	10,746,793.82	697,961,236.05
		2,124,881,014.99	1,407,364,132.63			(255,060,234.03)	65,269,119.48	3,342,454,033.07
		Opening balance 年初餘額	Increase during the year 本年增加			Decrease during the year 本年減少	Adjustment of exchange differences 匯兌差額調整	Closing balance 年末餘額
Less: Provision for impairment	減: 減值準備							
Technology know-how	專有技術	-	-			-	-	-
Trademark rights	商標使用權	-	-			-	-	-
Licence	特許權	-	-			-	-	-
Land use rights	土地使用權	-	-			-	-	-
Orders on hand	在手訂單	-	18,219,126.40			-	(39,808.00)	18,179,318.40
Customer relationship	客戶關係	-	159,790,818.80			-	(349,136.00)	159,441,682.80
Software	軟件	-	-			-	-	-
Others	其他	-	68,830,949.10			-	-	68,830,949.10
		-	246,840,894.30			-	(388,944.00)	246,451,950.30
Net carrying amount	賬面淨值							
Technology know-how	專有技術	736,142,109.29						588,791,638.27
Trademark rights	商標使用權	4,450,697,968.76						7,267,077,113.56
Licence	特許權	411,274,383.88						508,286,430.40
Land use rights	土地使用權	1,352,593,945.31						1,569,155,730.50
Orders on hand	在手訂單	192,161,004.45						159,165,656.49
Customer relationship	客戶關係	4,142,568,300.89						8,838,159,476.10
Software	軟件	185,478,435.36						206,234,998.98
Others	其他	1,396,051,314.40						6,226,105,327.66
		12,866,967,462.34						25,362,976,371.96

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Intangible assets (Continued)

2015

五、合併財務報表主要項目註釋(續)

18. 無形資產(續)

2015年

		Opening balance	Addition	Internal R&D	Business combination not under common control 非同一控制下企業合併	Business combination under common control 同一控制下企業合併	Disposals and retirements	Adjustment of exchange differences	Closing balance
		年初餘額	購置	內部研發			處置或報廢	匯兌差額調整	年末餘額
Gross carrying amount	資產原價								
Technology know-how	專有技術	1,174,928,552.78	159,943.94	150,645,640.15	-	23,250,000.00	(1,910,150.00)	(31,815,126.55)	1,315,258,860.32
Trademark rights	商標使用權	4,617,999,346.00	32,100.00	-	59,735,600.00	-	-	(207,474,950.00)	4,470,292,096.00
Licence	特許權	568,578,950.34	42,655,386.00	-	49,504,142.00	-	(30,854,132.00)	(24,402,860.06)	605,481,486.28
Land use rights	土地使用權	1,542,535,567.25	134,692,525.55	-	-	-	(150,694,197.49)	(526,196.22)	1,526,007,699.09
Orders on hand	在手訂單	277,954,012.94	-	-	-	-	-	(8,561,756.49)	269,392,256.45
Customer relationship	客戶關係	5,071,859,706.56	-	-	60,548,282.00	-	(1,771,230.00)	(232,590,576.07)	4,898,046,182.49
Software	軟件	216,838,054.81	63,426,379.70	-	-	-	(1,542,091.35)	(4,079,424.12)	274,642,919.04
Others	其他	1,673,235,406.30	298,684,946.00	29,851,041.32	5,153,932.00	-	(294,252,842.32)	(79,945,505.64)	1,632,726,977.66
		15,143,929,596.98	539,651,281.19	180,496,681.47	174,941,956.00	23,250,000.00	(481,024,643.16)	(589,396,395.15)	14,991,848,477.33
		Opening balance	Provision			Business combination under common control 同一控制下企業合併	Disposals or retirements	Adjustment for exchange differences	Closing balance
		年初餘額	計提				處置或報廢	匯兌差額調整	年末餘額
Less: Accumulated amortization	減：累計攤銷								
Technology know-how	專有技術	423,409,858.86	142,349,943.11			12,012,500.00	(715,438.00)	2,059,887.06	579,116,751.03
Trademark rights	商標使用權	16,788,050.80	2,378,006.04			-	-	428,070.40	19,594,127.24
Licence	特許權	76,878,530.64	142,597,424.96			-	(26,742,100.00)	1,473,246.80	194,207,102.40
Land use rights	土地使用權	153,232,082.38	32,757,896.12			-	(12,576,224.72)	-	173,413,753.78
Orders on hand	在手訂單	55,126,706.40	19,733,586.00			-	-	2,370,959.60	77,231,252.00
Customer relationship	客戶關係	312,945,082.20	439,494,258.00			-	(847,412.00)	3,885,953.40	755,477,881.60
Software	軟件	71,094,045.45	20,104,777.57			-	(1,092,713.57)	(941,625.77)	89,164,483.68
Others	其他	191,983,489.34	321,183,040.00			-	(263,836,308.32)	(12,654,557.76)	236,675,663.26
		1,301,457,846.07	1,120,598,931.80			12,012,500.00	(305,810,196.61)	(3,378,066.27)	2,124,881,014.99
		Opening balance	Increase during the year				Decrease during the year	Adjustment for exchange differences	Closing balance
		年初餘額	本年增加				本年減少	匯兌差額調整	年末餘額
Less: Provision for impairment	減：減值準備								
Technology know-how	專有技術	-	-				-	-	-
Trademark rights	商標使用權	-	-				-	-	-
Licence	特許權	-	-				-	-	-
Land use rights	土地使用權	-	-				-	-	-
Orders on hand	在手訂單	-	-				-	-	-
Customer relationship	客戶關係	-	-				-	-	-
Software	軟件	-	-				-	-	-
Others	其他	-	28,284,112.00				(28,284,112.00)	-	-
		-	28,284,112.00				(28,284,112.00)	-	-
Net carrying amount	賬面淨值								
Technology know-how	專有技術	751,518,693.92							736,142,109.29
Trademark rights	商標使用權	4,601,211,295.20							4,450,697,968.76
Licence	特許權	491,700,419.70							411,274,383.88
Land use rights	土地使用權	1,389,303,484.87							1,352,593,945.31
Orders on hand	在手訂單	222,827,306.54							192,161,004.45
Customer relationship	客戶關係	4,758,914,624.36							4,142,568,300.89
Software	軟件	145,744,009.36							185,478,435.36
Others	其他	1,481,251,916.96							1,396,051,314.40
		13,842,471,750.91							12,866,967,462.34

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Intangible assets (continued)

As at 31 December 2016, intangible assets with carrying amount of RMB424,293,347.72 (31 December 2015: RMB43,997,456.41) were pledged to secure bank borrowings of the Group.

The trademarks are renewable every 10 years at minimal cost. The management of the Group are of the opinion that the Group has both the intention and ability to renew the trademarks continuously. As a result, the useful life of the trademarks is considered by the management of the Group as indefinite because the trademarks are expected to contribute to the Group's net cash inflows indefinitely. The trademarks will not be amortised until their useful life is determined to be finite. Instead the trademarks will be tested for impairment annually and whenever there is an indication that they may be impaired. Particulars of the impairment testing are disclosed in Note V.20.

As at 31 December 2016, the intangible assets for which the Group had not obtained title certificates had a carrying amount of RMB115,011,683.66, for which the Group was in the process of applying (31 December 2015: RMB198,847,774.46).

五、合併財務報表主要項目註釋(續)

18. 無形資產(續)

於2016年12月31日，賬面價值人民幣424,293,347.72元(2015年12月31日：人民幣43,997,456.41元)無形資產用於抵押取得銀行借款。

商標每十年須按最低成本重續一次。本集團管理層認為，本集團有意且有 ability 不斷重續該等商標。預計該等商標將可永久為本集團產生現金流入淨額，故此，本集團管理層認為該等商標擁有永久可使用年限。除非該等商標的可使用年限被認定為有限，否則不會進行攤銷。相反，商標將會每年及每當有蹟象顯示存在減值時進行減值測試。減值測試詳情於附註五、20披露。

於2016年12月31日，本集團尚未辦妥產權證書的無形資產賬面價值為人民幣115,011,683.66元，還在辦理產權證的過程中(2015年12月31日：人民幣198,847,774.46元)。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

19. Expenditure on development

Capitalization of expenditure on development starts when the development stage is reached. Capitalized expenditure on development of the Group is presented as follows:

2016

		Increase during the year 本年增加		Decrease during the year 本年減少		Closing balance 年末餘額
		Opening balance 年初餘額	Internal R&D 內部開發	Recognition of intangible assets 確認無形資產	Other decrease 其他減少	
HX complete vehicle external flow field analysis and optimization project	HX整車外流場分析及優化項目	13,185,634.17	-	-	(3,513,255.45)	9,672,378.72
Improvement project on driver's cabin	駕駛室改進項目	25,430,342.84	17,984,823.91	-	-	43,415,166.75
Hydraulics project	液壓項目	235,706,165.08	43,372,944.40	(68,830,949.10)	(47,983,410.10)	162,264,750.28
Others	其他	191,746,624.88	72,837,030.10	(8,616,156.14)	(25,545,327.67)	230,422,171.17
		466,068,766.97	134,194,798.41	(77,447,105.24)	(77,041,993.22)	445,774,466.92

2016年

2015

		Increase during the year 本年增加		Decrease during the year 本年減少		Closing balance 年末餘額
		Opening balance 年初餘額	Internal R&D 內部開發	Recognition of intangible assets 確認無形資產	Other decrease 其他減少	
HX complete vehicle external flow field analysis and optimization project	HX整車外流場分析及優化項目	3,457,277.33	9,728,356.84	-	-	13,185,634.17
Improvement project on driver's cabin	駕駛室改進項目	8,190,188.69	33,414,089.78	(16,173,935.63)	-	25,430,342.84
Hydraulics project	液壓項目	400,216,608.00	39,883,932.00	(134,471,704.52)	(69,922,670.40)	235,706,165.08
Others	其他	121,842,316.74	99,755,349.46	(29,851,041.32)	-	191,746,624.88
		533,706,390.76	182,781,728.08	(180,496,681.47)	(69,922,670.40)	466,068,766.97

2015年

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Goodwill
2016

五、合併財務報表主要項目註釋(續)

20. 商譽
2016年

		Opening balance	Increase during the year Business combination not involving entities under common control 本年增加 非同一控制下 企業合併	Decrease during the period	Adjustment for exchange differences	Closing balance	Asset group unit
		年初餘額		本年減少	匯兌差額調整	年末餘額	資產組組合
Merger with TAGC	合併湘火炬	537,573,736.46	-	-	-	537,573,736.46	Asset group unit B 資產組組合B
Merger with Linde Hydraulics GmbH & Co. KG	合併林德液壓合夥企業	752,544,551.07	-	-	22,443,120.28	774,987,671.35	Asset group unit C 資產組組合C
Merger with KION GROUP AG	合併KION GROUP AG	6,133,809,720.72	-	-	151,136,591.17	6,284,946,311.89	Asset group unit D 資產組組合D
Merger with Egemin Automation Inc.	合併Egemin Automation Inc.	362,323,483.20	-	-	9,512,262.00	371,835,745.20	Asset group unit E 資產組組合E
Merger with Retrotech Inc.	合併Retrotech Inc.	-	173,000,003.40	-	11,299,413.00	184,299,416.40	Asset group unit E 資產組組合E
Merger with Dematic Group	合併Dematic Group	-	14,304,099,600.00	-	490,540,983.60	14,794,640,583.60	Asset group unit F 資產組組合F
Others	其他	-	95,689,679.20	-	(6,298,288.00)	89,391,391.20	
		7,786,251,491.45	14,572,789,282.60	-	678,634,082.05	23,037,674,856.10	

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Goodwill (continued)
2015

五、合併財務報表主要項目註釋(續)

20. 商譽(續)
2015年

		Opening balance	Increase during the year Business combination not involving entities under common control 本年增加非同一控制下企業合併	Decrease during the period 本年減少	Adjustment for exchange differences 匯兌差額調整	Closing balance	Asset group unit
		年初餘額				年末餘額	資產組組合
Merger with TAGC	合併湘火炬	537,908,504.02	-	(334,767.56)	-	537,573,736.46	Asset group unit B 資產組組合B
Merger with KION GROUP AG	合併KION GROUP AG	6,445,375,994.17	-	-	(311,566,273.45)	6,133,809,720.72	Asset group unit D 資產組組合D
Merger with Egemin Automation Inc.	合併Egemin Automation Inc.	-	341,042,811.30	-	21,280,671.90	362,323,483.20	Asset group unit E 資產組組合E
Merger with Linde Hydraulics GmbH & Co. KG	合併林德液壓合夥企業	790,769,978.99	-	-	(38,225,427.92)	752,544,551.07	Asset group unit C 資產組組合C
		7,774,054,477.18	341,042,811.30	(334,767.56)	(328,511,029.47)	7,786,251,491.45	

Balance as at 31 December 2016 mainly represented goodwill arising from merger with TAGC, Linde Hydraulics GmbH & Co. KG, KION Group AG, Egemin Inc., Retrotech Inc. and Dematic Group. Goodwill arising from merger would be allocated to material asset group units to test for impairment on an annual basis.

2016年12月31日商譽餘額主要為合併湘火炬、林德液壓合夥企業、KION GROUP AG、Egemin Inc.、Retrotech Inc.和Dematic Group而產生的商譽。本集團每年度將該等合併取得的商譽分配至重要資產組組合進行商譽減值測試。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Goodwill (Continued)

Further, the trademark with indefinite useful life comprised in the intangible assets in Note V.18 amounted to RMB7,257,195,408.80 and is included in those asset group units for impairment testing.

Carrying amount of material goodwill and trademarks is allocated to the following asset group units as follows:

		Carrying amount of goodwill 商譽的賬面金額		Carrying amount of trademark 商標的賬面金額	
		2016 2016年	2015 2015年	2016 2016年	2015 2015年
Asset group unit A	資產組組合A	-	-	116,422,784.00	116,422,784.00
Asset group unit B	資產組組合B	537,573,736.46	537,573,736.46	94,197,000.00	94,677,740.80
Asset group unit C	資產組組合C	774,987,671.35	752,544,551.07	-	-
Asset group unit D	資產組組合D	6,284,946,311.89	6,133,809,720.72	4,297,757,464.80	4,178,578,723.96
Asset group unit E	資產組組合E	556,135,161.60	362,323,483.20	62,838,480.00	61,018,720.00
Asset group unit F	資產組組合F	14,794,640,583.60	-	2,685,979,680.00	-

Note 1: Trademarks related to the manufacturing of diesel engines and major parts of the Group are allocated to asset group unit A: manufacture and sale of diesel engines and related parts and are tested for impairment.

The goodwill and trademark acquired through the mergers with TAGC are allocated to asset group unit B: major automobile components other than automotive and diesel engines are tested for impairment.

The recoverable amount of asset group units A and B has been determined based on the present value of the expected future cash flows of the asset group, which was determined based on cash flow projection in accordance to the 5-year financial budget approved by the management. The discount rate used for the cash flow projection of asset group units A and B was the pre-tax rate of 15.79%. The estimated growth rate of cash flows beyond the 5-year period of 2.5% was the long-term average growth rate in the industries or regions in which the enterprises operate;

五、合併財務報表主要項目註釋(續)

20. 商譽(續)

此外，包含於附註五、18無形資產中的永久可使用的商標價值為人民幣7,257,195,408.80元，亦包括在該等資產組組合中進行減值測試。

重要商譽及商標的賬面金額分配至資產組的情況如下：

註1：本集團生產柴油機及其主要零部件相關的商標分配至資產組組合A：生產及銷售柴油機及相關零部件，進行減值測試。

本集團合併湘火炬取得的商譽及商標分配至資產組組合B：汽車及柴油機外的主要汽車零部件，進行減值測試。

資產組組合A和B的可收回金額按照資產組組合的預計未來現金流量的現值確定，其預計未來現金流量根據管理層批准的5年期的財務預算為基礎的現金流量預測來確定。資產組組合A、B現金流量預測所用的稅前折現率是15.79%，5年以後的現金流量的估計長期平均增長率2.5%為企業所處行業或地區的長期平均增長率。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Goodwill (Continued)

Note 2: The goodwill and trademark acquired through the mergers with Linde Hydraulics GmbH & Co. KG are allocated to asset group unit C: manufacture of hydraulic pumps, hydraulic motors, hydraulic valves, gears and other components and are tested for impairment.

The recoverable amount of asset group unit C has been determined based on the present value of the expected future cash flows of the asset group, which was determined based on cash flow projection in accordance to the 5-year financial budget approved by the management. The discount rate used for the cash flow projection of asset group unit C was the pre-tax rate of 7.54%. The estimated growth rate of cash flows beyond the 5-year period of 2% was the long-term average growth rate.

Note 3: The goodwill and trademark acquired through the mergers with KION GROUP AG are allocated to asset group unit D: forklift trucks production and warehousing technology services and are tested for impairment.

The recoverable amount of that asset group unit is determined as the fair value of shares held in KION GROUP AG, i.e. market value as at 31 December 2016, minus the cost of disposal.

Note 4: The goodwill and trademark acquired through the mergers with Egemin Automation Inc. and Retrotech Inc. are allocated to asset group unit E: Automated warehousing and distribution and are tested for impairment.

The recoverable amount has been determined based on the present value of the expected future cash flows of the asset group unit, which was determined based on cash flow projection in accordance to the 5-year financial budget approved by the management. The discount rate used for the cash flow projection of the asset group unit was the pre-tax rate of 9.5%. The estimated growth rate of cash flows beyond the 5-year period of 0.5% was the long-term average growth rate.

Note 5: The goodwill and trademark acquired through the mergers with Dematic Group are allocated to asset group unit F: Smart supply chain and automation solution and are tested for impairment.

The recoverable amount has been determined based on the present value of the expected future cash flows of the asset group unit, which was determined based on cash flow projection in accordance to the 5-year financial budget approved by the management. The discount rate used for the cash flow projection of the asset group unit was the pre-tax rate of 10.4%. The estimated growth rate of cash flows beyond the 5-year period of 0.5% was the long-term average growth rate.

As at 31 December 2016, the management considered that there was no impairment of value in goodwill or trademark.

五、合併財務報表主要項目註釋(續)

20. 商譽(續)

註2：本集團合併林德液壓合夥企業取得的商譽及商標分配至資產組組合C：生產液壓泵、液壓馬達、液壓閥門、齒輪及其他零部件，進行減值測試。

資產組組合C的可收回金額按照資產組組合的預計未來現金流量的現值確定，其預計未來現金流量根據管理層批准的5年期的財務預算為基礎的現金流量預測來確定。資產組組合C現金流量預測所使用的稅前折現率是7.54%，5年以後現金流量估計長期平均增長率2%。

註3：本集團合併KION GROUP AG取得的商譽及商標分配至資產組組合D：叉車生產及倉庫技術服務。

該資產組組合的可收回金額基於所持KION GROUP AG股份的公允價值即2016年12月31日的市值減去處置費用確定。

註4：本集團合併Egemin Automation Inc. and Retrotech Inc.取得的商譽及商標分配至資產組組合E：物料搬運及倉儲自動化和現代化檢索，進行減值測試。

其可收回金額按照資產組組合的預計未來現金流量的現值確定，其預計未來現金流量根據管理層批准的5年期的財務預算為基礎的現金流量預測來確定。資產組組合現金流量預測所使用的稅前折現率是9.5%，5年以後現金流量估計長期平均增長率0.5%。

註5：本集團合併Dematic Group取得的商譽及商標分配至資產組組合F：智能供應鏈和自動化解決方案，進行減值測試。

其可收回金額按照資產組組合的預計未來現金流量的現值確定，其預計未來現金流量根據管理層批准的5年期的財務預算為基礎的現金流量預測來確定。資產組組合現金流量預測所使用的稅前折現率是10.4%，5年以後現金流量估計長期平均增長率0.5%。

於2016年12月31日，管理層認為商譽及商標無減值。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

21. Long-term prepaid expenses
201621. 長期待攤費用
2016年

		Opening balance 年初餘額	Increase during the year 本年增加	Amortization during the year 本年攤銷	Other decrease 其他減少	Closing balance 年末餘額
Industrial mould fee	工裝模具費	216,396,240.19	83,398,524.61	(43,184,827.85)	(3,196,511.41)	253,413,425.54
Industrial equipment fee	工位器具費	52,481,511.01	18,135,922.64	(19,533,897.77)	-	51,083,535.88
Expenditure on improvement of fixed assets leased in	租入固定資產 改良支出	45,504,218.38	8,510,909.93	(24,493,398.18)	(1,358,974.35)	28,162,755.78
		314,381,969.58	110,045,357.18	(87,212,123.80)	(4,555,485.76)	332,659,717.20
		2015				
		Opening balance 年初餘額	Increase during the year 本年增加	Amortization during the year 本年攤銷	Other decrease 其他減少	Closing balance 年末餘額
Industrial mould fee	工裝模具費	71,610,046.80	191,889,571.01	(41,650,208.40)	(5,453,169.22)	216,396,240.19
Industrial equipment fee	工位器具費	52,107,937.89	19,345,462.96	(17,398,298.25)	(1,573,591.59)	52,481,511.01
Expenditure on improvement of fixed assets leased in	租入固定資產 改良支出	45,067,155.01	22,830,355.06	(22,393,291.69)	-	45,504,218.38
		168,785,139.70	234,065,389.03	(81,441,798.34)	(7,026,760.81)	314,381,969.58

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Deferred tax assets/ liabilities

Deferred tax assets and deferred tax liabilities which are not deducted are as follows:

五、合併財務報表主要項目註釋(續)

22. 遞延所得稅資產/負債

未經抵銷的遞延所得稅資產和遞延所得稅負債：

		2016 2016年		2015 2015年	
		Deductible temporary difference 可抵扣 暫時性差異	Deferred tax assets 遞延 所得稅資產	Deductible temporary difference 可抵扣 暫時性差異	Deferred tax assets 遞延 所得稅資產
Deferred tax assets	遞延所得稅資產				
Finance lease payables	融資租賃應付款	9,480,042,083.37	2,473,772,630.86	8,812,036,414.51	2,462,398,078.03
Accruals	預提項目	9,503,933,754.89	2,390,911,564.98	6,714,531,736.08	1,668,012,491.06
Adjustment of fair value upon business combination	企業合併公允 價值調整	2,622,336,436.09	770,594,708.88	631,313,683.67	174,822,445.59
Provision for impairment of assets	資產減值準備	2,542,504,605.22	487,952,048.64	1,776,460,862.99	326,736,180.04
Deductible losses	可抵扣虧損	1,278,497,540.51	385,545,447.81	2,922,483,770.02	544,008,711.64
Unrealized profit for internal transactions	內部交易未實現利潤	1,233,696,978.01	355,095,823.02	882,390,501.60	265,071,424.94
Fixed assets leased in under finance lease	融資租入固定資產	1,354,687,861.39	254,501,108.47	1,359,512,899.68	262,051,032.10
Finance lease receivables	融資租賃應收款	408,234,674.21	89,597,980.50	355,754,338.16	86,165,868.44
Deductible goodwill arising from business combination (before tax)	企業合併可稅前 抵扣商譽	119,855,895.87	37,483,930.91	176,812,384.00	54,369,808.08
Others	其他	412,626,096.71	90,391,090.40	520,804,858.59	118,436,488.71
		28,956,415,926.27	7,335,846,334.47	24,152,101,449.30	5,962,072,528.63

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

22. Deferred tax assets/ liabilities (continued)

22. 遞延所得稅資產/負債(續)

		2016 2016年		2015 2015年	
		Taxable temporary difference 應納稅 暫時性差異	Deferred tax liabilities 遞延 所得稅負債	Taxable temporary difference 應納稅 暫時性差異	Deferred tax liabilities 遞延 所得稅負債
Deferred tax liabilities	遞延所得稅負債				
Fair value adjustment upon business combination	企業合併的公允價值調整	24,645,853,123.12	7,603,245,688.48	10,929,461,372.59	3,301,558,059.06
Finance lease receivables	融資租賃應收款	5,859,314,648.01	1,458,662,698.91	5,357,705,380.42	1,431,581,449.36
Fixed assets leased in under finance lease	融資租入固定資產	4,608,972,191.09	1,229,737,976.28	3,849,635,312.86	1,077,092,554.47
Intangible assets generated from internal R&D	內部研發形成無形資產	1,300,720,794.69	382,717,815.51	1,331,022,449.14	395,017,287.41
Payroll and benefits	職工薪酬福利	482,145,378.75	120,827,695.24	139,114,784.47	33,096,137.00
Amortization of taxable value of trademark rights	商標權計稅價值攤銷	108,892,004.06	16,333,800.60	108,892,000.00	16,333,800.60
Amortization of finance expenses for long-term borrowings	長期借款融資費用攤銷	15,089,690.28	4,674,607.37	288,187,725.06	88,938,970.57
Accounts payable	應付帳款	63,455,505.89	20,532,184.20	18,173,693.60	4,791,499.74
Change of fair value of available-for-sale financial assets	可供出售金融資產公允價值變動	53,200,000.00	7,980,000.00	59,200,000.00	8,880,000.00
Prepaid expenses	待攤費用	24,820,169.35	5,496,859.24	30,134,509.72	7,437,264.35
Receivable from related companies	關聯公司應收款	-	-	7,101,750.02	2,165,781.21
Others	其他	1,882,894,621.20	586,407,295.79	1,053,645,583.22	253,986,311.27
		39,045,358,126.44	11,436,616,621.62	23,172,274,561.10	6,620,879,115.04

Deferred tax assets and deferred tax liabilities are presented in net amount after offsetting:

遞延所得稅資產和遞延所得稅負債以抵銷後的淨額列示：

		2016 2016年		2015 2015年	
		Offset amount 抵銷金額	After offsetting 抵銷後餘額	Offset amount 抵銷金額	After offsetting 抵銷後餘額
Deferred tax assets	遞延所得稅資產	3,316,246,921.89	4,019,599,412.58	2,795,247,395.54	3,166,825,133.09
Deferred tax liabilities	遞延所得稅負債	3,316,246,921.89	8,120,369,699.73	2,795,247,395.54	3,825,631,719.50

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Deferred tax assets/ liabilities (continued)

Deductible temporary difference and deductible losses in respect of deferred tax assets not yet recognized are presented as follows:

		2016	2015
		2016年	2015年
Deductible temporary difference	可抵扣暫時性差異	2,011,435,534.79	848,650,979.54
Deductible losses	可抵扣虧損	8,202,862,447.02	4,113,101,545.78
		10,214,297,981.81	4,961,752,525.32

Deductible losses in respect of deferred tax assets not yet recognized will fall due in the following years:

		2016	2015
		2016年	2015年
2016	2016年	-	177,447,552.58
2017	2017年	354,924,713.92	358,069,738.73
2018	2018年	363,932,115.73	344,493,565.50
2019	2019年	220,442,734.63	251,978,729.21
2020	2020年	698,712,453.81	653,368,514.08
2021	2021年	1,018,852,970.47	-
Indefinite	無到期期限	5,545,997,458.46	2,327,743,445.68
		8,202,862,447.02	4,113,101,545.78

Deferred tax related to deductible losses and temporary difference is recognized based on profit forecast.

本集團根據盈利預測確認與可抵扣虧損和暫時性差異相關的遞延所得稅。

23. Other non-current assets

23. 其他非流動資產

		2016	2015
		2016年	2015年
Scheme assets under defined benefit scheme	設定受益計劃之計劃資產	89,880,946.80	214,544,657.60
Others	其他	169,839,756.20	34,010,138.99
		259,720,703.00	248,554,796.59

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

24. Short-term loans

24. 短期借款

		2016	2015
		2016年	2015年
Mortgage loans	抵押借款	19,000,000.00	39,000,000.00
Pledged loans	質押借款	-	380,231,102.40
Guaranteed loans	擔保借款	1,857,388,560.00	-
Credit loans	信用借款	2,895,260,194.00	2,541,877,111.06
		4,771,648,754.00	2,961,108,213.46

As at 31 December 2016, the above loans carried interest at rates ranging from 0.85% to 5.22% (31 December 2015: 0.95% to 7.8%) per annum.

於2016年12月31日，上述借款的年利率為0.85%~5.22%(2015年12月31日：0.95%~7.8%)。

25. Financial liabilities at fair value through profit or loss for the current period

25. 以公允價值計量且其變動計入當期損益的金融負債

		2016	2015
		2016年	2015年
Forward contracts	遠期合同	168,670,171.20	84,255,500.00
Cross currency interest rate swap instruments (Note V. 65)	交叉貨幣利率互換工具 (附註五、65)	-	7,759,303.10
Total	合計	168,670,171.20	92,014,803.10

26. Notes payable

26. 應付票據

		2016	2015
		2016年	2015年
Bank acceptance bills	銀行承兌匯票	7,896,723,878.02	5,365,589,759.34
Commercial acceptance bills	商業承兌匯票	862,140,302.52	154,563,376.68
Total	合計	8,758,864,180.54	5,520,153,136.02

As at 31 December 2016, the Group had no notes payable which were due and outstanding (31 December 2015: Nil).

於2016年12月31日，本集團無到期未付的應付票據(2015年12月31日：無)。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Accounts Payable

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

		2016	2015
		2016年	2015年
Accounts payable	應付帳款	21,897,787,394.18	14,702,630,179.02

As at 31 December 2016, the aging analysis of accounts payable based on the invoice date is presented as follows:

		2016	2015
		2016年	2015年
Within 3 months	3個月內	18,774,819,894.45	11,683,722,214.26
3 to 6 months	3至6個月	1,386,917,840.71	1,602,521,660.38
6 months to 1 year	6個月至1年	951,451,948.60	634,628,115.29
Over 1 year	1年以上	784,597,710.42	781,758,189.09
Total	合計	21,897,787,394.18	14,702,630,179.02

As at 31 December 2016, there was no material accounts payable which aged over one year (31 December 2015: nil).

於2016年12月31日，應付帳款基於發票日期的賬齡分析如下：

於2016年12月31日，無賬齡一年以上的重大應付款項(2015年12月31日：無)。

28. Advances from customers

		2016	2015
		2016年	2015年
Advances from customers	預收款項	4,627,211,871.86	1,629,901,698.66

As at 31 December 2016, there was no material advances from customers which aged over one year (31 December 2015: nil).

28. 預收款項

於2016年12月31日，無賬齡一年以上的重大預收款項(2015年12月31日：無)。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

29. Payroll payable
201629. 應付職工薪酬
2016年

		Opening balance 年初餘額	Business combination not involving entities under common control 非同一控制下 的企業合併	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額
Short-term remuneration	短期薪酬	2,559,256,264.45	519,961,251.58	13,717,899,832.70	(13,436,160,104.86)	3,360,957,243.87
Post-employment benefits (defined contribution plan)	離職後福利 (設定提存計劃)	260,170,732.23	32,635,855.00	2,051,807,350.41	(1,947,722,085.47)	396,891,852.17
Severance benefits Portion due within 1 year	辭退福利一年內 支付的部分	240,966,755.55	32,752,116.06	86,393,736.34	(115,348,109.70)	244,764,498.25
Cash-settled share-based payment due within 1 year	一年內到期的以現金結算 的股份支付	79,735,857.60	-	135,809,315.60	(67,743,222.80)	147,801,950.40
Other long-term payroll due within 1 year	一年內到期的其他長期 職工薪酬	7,123,580.80	12,869,453.18	238,724,986.43	(240,341,418.41)	18,376,602.00
		3,147,253,190.63	598,218,675.82	16,230,635,221.48	(15,807,314,941.24)	4,168,792,146.69

2015

2015年

		Opening balance 年初餘額	Business combination involving entities under common control 同一控制下 的企業合併	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額
Short-term remuneration	短期薪酬	2,508,586,938.87	14,620,785.03	11,881,251,152.97	(11,845,202,612.42)	2,559,256,264.45
Post-employment benefits (defined contribution plan)	離職後福利 (設定提存計劃)	322,162,328.33	198,023.68	1,816,149,374.54	(1,878,338,994.32)	260,170,732.23
Severance benefits Portion due within 1 year	辭退福利一年內 支付的部分	201,584,718.65	-	160,411,506.69	(121,029,469.79)	240,966,755.55
Cash-settled share-based payment due within 1 year	一年內到期的以現金結算 的股份支付	-	-	81,097,307.60	(1,361,450.00)	79,735,857.60
Other long-term payroll due within 1 year	一年內到期的其他長期 職工薪酬	82,690,059.60	-	109,641,810.38	(185,208,289.18)	7,123,580.80
		3,115,024,045.45	14,818,808.71	14,048,551,152.18	(14,031,140,815.71)	3,147,253,190.63

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Payroll payable (continued)

Short-term remuneration is presented as follows:

2016

		Business combination not involving entities under common control 非同一控制下的企業合併				
		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額	
Salaries, bonuses, allowances and subsidies	工資、獎金、津貼和補貼	1,991,148,237.20	11,932,313,658.49	(11,694,604,409.98)	2,656,161,495.05	
Staff welfare	職工福利費	17,953,375.82	325,313,194.54	(318,965,360.12)	24,301,210.24	
Social security	社會保險費	69,373,616.93	861,470,148.78	(861,893,058.80)	68,950,706.91	
Incl: Medical insurance	其中：醫療保險費	52,885,474.44	735,696,031.92	(730,541,899.01)	58,039,607.35	
Work injury insurance	工傷保險費	12,431,447.97	67,925,392.72	(73,049,936.73)	7,306,903.96	
Maternity insurance	生育保險費	342,476.79	11,884,656.60	(11,898,937.23)	328,196.16	
Supplementary medical insurance	補充醫療保險	3,714,217.73	45,964,067.54	(46,402,285.83)	3,275,999.44	
Housing funds	住房公積金	14,922,967.40	213,139,286.21	(213,217,753.01)	14,844,500.60	
Labor union operating funds and employee education costs	工會經費和職工教育經費	341,607,512.29	108,289,166.76	(54,139,910.17)	395,756,768.88	
Other short-term remuneration	其他短期薪酬	124,250,554.81	277,374,377.92	(293,339,612.78)	200,942,562.19	
		2,559,256,264.45	13,717,899,832.70	(13,436,160,104.86)	3,360,957,243.87	

2015

		Business combination involving entities under common control 同一控制下的企業合併				
		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額	
Salaries, bonuses, allowances and subsidies	工資、獎金、津貼和補貼	2,048,477,621.20	10,219,129,213.04	(10,282,339,166.45)	1,991,148,237.20	
Staff welfare	職工福利費	19,981,723.00	275,507,038.45	(279,309,110.94)	17,953,375.82	
Social security	社會保險費	8,169,937.38	850,012,234.99	(788,900,771.43)	69,373,616.93	
Incl: Medical insurance	其中：醫療保險費	3,797,634.08	732,738,558.00	(683,742,914.77)	52,885,474.44	
Work injury insurance	工傷保險費	448,766.83	58,576,154.45	(46,593,482.74)	12,431,447.97	
Maternity insurance	生育保險費	421,484.06	13,659,102.50	(13,738,119.20)	342,476.79	
Supplementary medical insurance	補充醫療保險	3,502,052.41	45,038,420.04	(44,826,254.72)	3,714,217.73	
Housing funds	住房公積金	13,771,309.97	228,701,243.05	(227,548,241.82)	14,922,967.40	
Labor union operating funds and employee education costs	工會經費和職工教育經費	286,743,090.75	91,542,225.52	(43,553,422.10)	341,607,512.29	
Other short-term remuneration	其他短期薪酬	131,443,256.57	216,359,197.92	(223,551,899.68)	124,250,554.81	
		2,508,586,938.87	11,881,251,152.97	(11,845,202,612.42)	2,559,256,264.45	

2016年

2015年

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

29. Payroll payable (continued)

Post-employed benefit (defined contribution plan) is presented as follows:

29. 應付職工薪酬(續)

離職後福利(設定提存計劃)如下:

2016

2016年

		Opening balance	Business combination not involving entities under common control 非同一控制下的企業合併	Increase during the year	Decrease during the year	Closing balance
		年初餘額		本年增加	本年減少	年末餘額
Basic pension insurance	基本養老保險	202,120,995.64	32,635,855.00	1,791,378,374.15	(1,690,677,918.65)	335,457,306.14
Unemployment insurance	失業保險費	10,826,606.72	-	149,208,811.32	(146,555,254.89)	13,480,163.15
Contribution to pension fund	企業年金繳費	47,223,129.87	-	111,220,164.94	(110,488,911.93)	47,954,382.88
		260,170,732.23	32,635,855.00	2,051,807,350.41	(1,947,722,085.47)	396,891,852.17

2015

2015年

		Opening balance	Business combination involving entities under common control 同一控制下的企業合併	Increase during the year	Decrease during the year	Closing balance
		年初餘額		本年增加	本年減少	年末餘額
Basic pension insurance	基本養老保險	292,500,414.92	(3.09)	1,555,766,570.73	(1,646,145,986.92)	202,120,995.64
Unemployment insurance	失業保險費	1,465,626.36	28.29	137,606,780.78	(128,245,828.71)	10,826,606.72
Contribution to pension fund	企業年金繳費	28,196,287.05	197,998.48	122,776,023.03	(103,947,178.69)	47,223,129.87
		322,162,328.33	198,023.68	1,816,149,374.54	(1,878,338,994.32)	260,170,732.23

Total remuneration of directors, supervisors, senior management and chief executive officer incurred during the year is presented as follows:

本年度發生董事、監事、高級管理人員及首席執行官酬金總額情況如下:

		2016	2015
		2016年	2015年
Fees	袍金	634,026.00	697,026.00
Other emolument:	其他薪酬:		
Wages, allowances and non-cash benefits in kind	工資、津貼和非現金利益金額	20,526,280.91	19,886,600.00
Contribution to pension schemes	養老金計劃供款	268,451.64	581,838.24
	合計	21,428,758.55	21,165,464.24

Note: Certain executive directors of the Company are entitled to performance-linked bonus and share-based payment.

註: 本公司的某些執行董事有權取得與績效掛鈎的獎金及股份支付。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

29. Payroll payable (continued)

29. 應付職工薪酬(續)

*Remuneration of independent non-executive directors**獨立非執行董事酬金*

Fees paid to independent non-executive directors during the year were as follows:

年內付予獨立非執行董事的袍金如下：

		2016	2015
		2016年	2015年
Mr. Loh Yih	盧毅先生	154,026.00	144,684.00
Mr. Chu, Howard Ho Hwa	朱賀華先生	-	72,342.00
Mr. Zhang Zhenhua	張振華先生	120,000.00	120,000.00
Mr. Zhang Zhong	張忠先生	120,000.00	120,000.00
Mr. Wang Gongyong	王貢勇先生	120,000.00	120,000.00
Mr. Ning Xiangdong	寧向東先生	120,000.00	120,000.00
Total	合計	634,026.00	697,026.00

Remuneration of executive directors, non-executive directors and supervisors
2016

執行董事、非執行董事及監事酬金
2016年

		Wages, allowances and non-cash benefits	Performance-linked bonus	Contribution to pension schemes	Total remuneration
		Fees	Performance-linked bonus	Contribution to pension schemes	Total remuneration
		袍金	績效掛鈎獎金	養老金計劃供款	薪酬總額
Executive directors:	執行董事：				
Mr. Tan Xuguang (Note)	譚旭光先生(註)	-	-	23,242.32	23,242.32
Mr. Xu Xinyu	徐新玉先生	-	2,021,800.00	23,242.32	2,045,042.32
Mr. Li Dakai	李大開先生	-	600,000.00	-	600,000.00
Mr. Sun Shaojun	孫少軍先生	-	1,648,300.00	23,242.32	1,671,542.32
Mr. Zhang Quan	張泉先生	-	1,617,000.00	23,242.32	1,640,242.32
		-	5,887,100.00	92,969.28	5,980,069.28

Note: Mr. Tan Xuguang is the chairman and chief executive officer of the Company.

註：譚旭光先生為本公司董事長及首席執行官。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

29. Payroll payable (continued)

Remuneration of executive directors, non-executive directors and supervisors (continued)
2016 (continued)

29. 應付職工薪酬(續)

執行董事、非執行董事及監事酬金(續)
2016年(續)

		Fees	Wages, allowances and non-cash benefits	Performance-linked bonus	Contribution to pension schemes	Total remuneration
		袍金	工資、津貼及非現金利益金額	績效掛鈎獎金	養老金計劃供款	薪酬總額
Non-executive directors:	非執行董事：					
Mr. Jiang Kui	江奎先生	-	100,000.00	-	6,875.28	106,875.28
Mr. Wang Yuepu	王曰普先生	-	100,000.00	-	-	100,000.00
Mr. Gordon Riske	Gordon Riske先生	-	100,000.00	-	-	100,000.00
		-	300,000.00	-	6,875.28	306,875.28
Supervisors:	監事：					
Mr. Lu Wenwu	魯文武先生	-	1,035,800.00	-	23,242.32	1,059,042.32
Ms. Jiang Jianfang	蔣建芳女士	-	100,000.00	-	-	100,000.00
Mr. Ma Changhai	馬常海先生	-	456,700.00	-	13,750.56	470,450.56
		-	1,592,500.00	-	36,992.88	1,629,492.88
Senior management:	高級管理人員：					
Mr. Dai Lixin	戴立新先生	-	1,136,100.00	-	23,242.32	1,159,342.32
Mr. Kwong Kwan Tong	鄺焜堂先生	-	1,460,080.91	-	15,402.60	1,475,483.51
Mr. Feng Gang	馮剛先生	-	1,336,600.00	-	23,242.32	1,359,842.32
Mr. Tong Dehui	佟德輝先生	-	1,371,100.00	-	23,242.32	1,394,342.32
Mr. Zhou Chongyi	周崇義先生	-	1,345,300.00	-	-	1,345,300.00
Mr. Li Shaohua	李紹華先生	-	1,290,300.00	-	-	1,290,300.00
Ms. Ren Bingbing	任冰冰女士	-	1,285,300.00	-	-	1,285,300.00
Mr. Ding Yingdong	丁迎東先生	-	1,272,900.00	-	23,242.32	1,296,142.32
Mr. Hu Haoyan	胡浩然先生	-	1,163,600.00	-	-	1,163,600.00
Mr. Zhang Jiyuan	張紀元先生	-	1,085,400.00	-	23,242.32	1,108,642.32
		-	12,746,680.91	-	131,614.20	12,878,295.11

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Payroll payable (continued)

Remuneration of executive directors, non-executive directors and supervisors (continued)
2015

五、合併財務報表主要項目註釋(續)

29. 應付職工薪酬(續)

執行董事、非執行董事及監事酬金(續)
2015年

		Fees	Wages, allowances and non-cash benefits 工資、津貼及非現金利益金額	Performance-linked bonus 績效掛鈎獎金	Contribution to pension schemes 養老金計劃供款	Total remuneration 薪酬總額
Executive directors:	執行董事：					
Mr. Tan Xuguang (Note)	譚旭光先生(註)	-	-	-	45,073.62	45,073.62
Mr. Xu Xinyu	徐新玉先生	-	1,615,700.00	-	45,724.86	1,661,424.86
Mr. Li Dakai	李大開先生	-	-	-	-	-
Mr. Sun Shaojun	孫少軍先生	-	1,493,600.00	-	45,724.86	1,539,324.86
Mr. Zhang Quan	張泉先生	-	1,476,700.00	-	45,724.86	1,522,424.86
		-	4,586,000.00	-	182,248.20	4,768,248.20
Non-executive directors:	非執行董事：					
Mr. Yeung Sai Hong	楊世杭先生	-	58,300.00	-	-	58,300.00
Mr. Julius G. Kiss	Julius G. Kiss先生	-	50,000.00	-	-	50,000.00
Ms. Han Xiaoqun	韓小群女士	-	50,000.00	-	-	50,000.00
Mr. Jiang Kui	江奎先生	-	100,000.00	-	45,724.86	145,724.86
Mr. Wang Yuepu	王曰普先生	-	100,000.00	-	-	100,000.00
Mr. Gordon Riske	Gordon Riske先生	-	100,000.00	-	-	100,000.00
		-	458,300.00	-	45,724.86	504,024.86
Supervisors:	監事：					
Mr. Sun Chengping	孫承平先生	-	50,000.00	-	-	50,000.00
Mr. Lu Wenwu	魯文武先生	-	896,100.00	-	45,724.86	941,824.86
Ms. Jiang Jianfang	蔣建芳女士	-	100,000.00	-	-	100,000.00
Mr. Ma Changhai	馬常海先生	-	345,800.00	-	43,324.86	389,124.86
		-	1,391,900.00	-	89,049.72	1,480,949.72
Senior management:	高級管理人員：					
Mr. Dai Lixin	戴立新先生	-	904,000.00	-	45,724.86	949,724.86
Mr. Kwong Kwan Tong	鄺焜堂先生	-	1,205,700.00	-	14,468.40	1,220,168.40
Mr. Feng Gang	馮剛先生	-	1,187,200.00	-	45,724.86	1,232,924.86
Mr. Tong Dehui	佟德輝先生	-	1,185,100.00	-	45,724.86	1,230,824.86
Mr. Zhou Chongyi	周崇義先生	-	1,344,700.00	-	-	1,344,700.00
Mr. Li Shaohua	李紹華先生	-	1,190,200.00	-	-	1,190,200.00
Ms. Ren Bingbing	任冰冰女士	-	1,185,000.00	-	-	1,185,000.00
Mr. Ding Yingdong	丁迎東先生	-	1,200,400.00	-	45,724.86	1,246,124.86
Mr. Hu Haoyan	胡浩然先生	-	1,806,700.00	-	-	1,806,700.00
Mr. Zhang Jiyuan	張紀元先生	-	827,000.00	-	45,724.86	872,724.86
Ms. Zhang Fusheng	張伏生女士	-	587,700.00	-	21,722.76	609,422.76
Mr. Qian Cheng	錢誠先生	-	826,700.00	-	-	826,700.00
		-	13,450,400.00	-	264,815.46	13,715,215.46

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Payroll payable (continued)

Highest payments to employees

The five highest paid employees during the year included one director (2015: one director), details of whose remuneration are set out above. Details of the remuneration of the remaining four (2015: four) non-director and non-supervisor, highest paid employees for the year are as follows:

		2016	2015
		2016年	2015年
Wages, allowances and non-cash benefits	工資、津貼和非現金利益金額	14,726,150.80	10,467,622.00
Performance-linked bonus	績效掛鈎獎金	10,947,586.00	8,418,552.00
Cash-settled share option expenses	以現金結算的股份期權費用	43,145,937.60	47,892,670.00
Contribution to pension schemes	養老金計劃供款	3,251,323.20	1,792,068.00
		72,070,997.60	68,570,912.00

The number of non-director and non-supervisor, highest paid employees whose remuneration fell within the following bands is as follows:

		2016	2015
		2016年	2015年
Nil to RMB3,000,000	零至人民幣3,000,000元	1	-
RMB3,000,001 to RMB4,000,000	人民幣3,000,001元至人民幣4,000,000元	-	1
RMB7,000,001 to RMB8,000,000	人民幣7,000,001元至人民幣8,000,000元	-	1
RMB15,000,001 to RMB16,000,000	人民幣15,000,001元至人民幣16,000,000元	1	-
RMB23,000,001 to RMB24,000,000	人民幣23,000,001元至人民幣24,000,000元	1	-
RMB24,000,001 to RMB25,000,000	人民幣24,000,001元至人民幣25,000,000元	-	1
RMB30,000,001 to RMB31,000,000	人民幣30,000,001元至人民幣31,000,000元	1	-
RMB33,000,001 to RMB34,000,000	人民幣33,000,001元至人民幣34,000,000元	-	1

五、合併財務報表主要項目註釋(續)

29. 應付職工薪酬(續)

最高僱員薪酬

本年度內五名最高薪酬僱員包括一名董事(2015: 一名董事)，其薪酬詳情已載於上文中，年內餘下四名(2015年: 四名)非董事及非監事的最高僱員的酬金詳情如下:

薪酬介於下列範圍的非董事及非監事最高薪酬僱員的人數如下:

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Payroll payable (continued)

Highest payments to employees (continued)

The number of senior management whose remuneration fell within the following bands is as follows:

		2016 2016年	2015 2015年
Nil to RMB1,000,000	零至人民幣1,000,000元	-	4
RMB1,000,001 to RMB1,500,000	人民幣1,000,001元至 至人民幣1,500,000元	10	7
RMB1,500,001 to RMB2,000,000	人民幣1,500,001元至 至人民幣2,000,000元	-	1
RMB2,000,001 to RMB2,500,000	人民幣2,000,001元至 至人民幣2,500,000元	-	-

30. Taxes payable

30. 應交稅費

		2016 2016年	2015 2015年
Corporate income tax	企業所得稅	914,418,055.53	615,958,269.16
Value-added tax	增值稅	788,928,033.03	391,764,125.21
Individual income tax	個人所得稅	169,769,741.18	110,983,158.20
City construction tax	城建稅	26,071,761.13	5,803,412.26
Stamp duty	印花稅	22,527,593.37	14,018,972.35
Property tax	房產稅	21,398,155.06	19,330,716.35
Educational surtax	教育費附加	20,486,595.82	4,467,345.59
Land use tax	土地使用稅	13,804,820.22	12,852,763.19
Business tax	營業稅	-	879,037.29
Other taxes	其他稅項	88,379,728.58	68,820,551.91
		2,065,784,483.92	1,244,878,351.51

31. Interest payable

31. 應付利息

		2016 2016年	2015 2015年
Interests on medium-term notes	中期票據利息	28,615,438.17	171,841,853.57
Interests on borrowings	借款利息	72,917,567.04	35,172,531.39
Others	其他	526,089.60	1,724,133.60
		102,059,094.81	208,738,518.56

32. Dividend payable

32. 應付股利

		2016 2016年	2015 2015年
Dividends payable to minority shareholders of subsidiaries	應付子公司少數股東股利	3,822,409.44	5,129,313.52

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

33. Other payables

33. 其他應付款

		2016 2016年	2015 2015年
Sales discount	銷售折讓	1,577,228,757.00	922,851,925.47
Guarantees and deposits	保證金及押金	1,408,342,760.93	797,995,777.10
Payables for purchase of construction and fixed assets	應付工程款及固定資產採購款	508,722,890.68	607,056,971.96
After-sales expenses and repair and maintenance expenses	三包及修理維護費	342,745,181.08	339,522,427.97
Transportation expenses	運費	52,356,364.30	31,275,717.33
Land facility fee and land premiums	土地配套費及土地款	30,221,289.37	30,865,423.78
Technology development expenses	技術開發費	18,920,537.74	65,985,991.70
Others	其他	1,060,418,862.04	1,054,334,166.95
		4,998,956,643.14	3,849,888,402.26

As at 31 December 2016, there was no other payables in significant amount aging over 1 year (31 December 2015: Nil).

於2016年12月31日，無賬齡超過1年的重要其他應付款(2015年12月31日：無)。

34. Non-current liabilities due within one year

34. 一年內到期的非流動負債

		2016 2016年	2015 2015年
Long-term payable due within one year	一年內到期的長期應付款	3,077,266,126.80	2,592,316,462.40
Medium-term notes due within one year (Note 1)	一年內到期的中期票據(註1)	-	2,197,925,724.19
Long-term borrowings due within one year	一年內到期的長期借款	1,547,622,000.00	456,096,323.00
		4,624,888,126.80	5,246,338,509.59
Include:	其中：		
Credit loans	信用借款	1,345,622,000.00	456,096,323.00
Guaranteed loans (Note V. 36, Note 1)	擔保借款 (附註五、36、註1)	200,000,000.00	-
Mortgage loans (Note V. 36, Note 2)	抵押借款 (附註五、36、註2)	2,000,000.00	-

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Non-current liabilities due within one year (Continued)

Note: As at 31 December 2016, balance of medium-term notes due within one year are listed as follows:

	Face value	Issuing date	Bond period	Issued amount	At the beginning of year	Issued this year	Accrued interest this year	Amortisation	Repaid this year	At the end of year	Note
	面值	發行日期	債券期限	發行金額	年初餘額	本年發行	本年計提利息	折溢價攤銷	本年償還	年末餘額	註
Medium-term notes	1,400,000,000.00	2011-7-28	5 years	1,397,340,000.00	1,398,153,360.39	-	46,141,666.67	1,846,639.61	(1,400,000,000.00)	-	(1)
Medium-term notes	400,000,000.00	2013-3-21	3 years	398,800,000.00	399,849,914.75	-	20,720,000.00	150,085.25	(400,000,000.00)	-	(2)
Medium-term notes	400,000,000.00	2013-5-21	3 years	398,800,000.00	399,922,449.05	-	20,120,000.00	77,550.95	(400,000,000.00)	-	(2)
Total	2,200,000,000.00				2,197,925,724.19	-	86,981,666.67	2,074,275.81	(2,200,000,000.00)	-	

五、合併財務報表主要項目註釋(續)

34. 一年內到期的非流動負債(續)

註1: 於2016年12月31日, 一年內到期的中期票據餘額列示如下:

(1) The Company registered at the National Association of Financial Market Institutional Investors in August 2009 for issuing medium-term notes in a registered amount of RMB2.7 billion to be issued in two tranches. The handling fee was 0.3%. The first tranche, in an aggregate amount of RMB1.3 billion, was issued on 24 August 2009. Its maturity period was 5 years, with a coupon rate of 4.95%. Interest was payable every 12 months. This tranche was due in 2015 and has been repaid. The second tranche of RMB1.4 billion was issued on 28 July 2011 with a maturity period of 5 years. The coupon rate was 5.65% with interest payable every 12 months. This tranche was due on 28 July 2016 and has been repaid.

(2) The Company registered and issued at the National Association of Financial Market Institutional Investors in February 2013 for issuing medium-term notes in a registered amount of RMB1.4 billion to be issued in two tranches. The handling fee was 0.3%. The first tranche, in an aggregate amount of RMB0.4 billion, was issued on 21 March 2013. Its maturity period was 3 years, with a coupon rate of 5.18%. Interest was payable every 12 months. The second tranche of RMB0.4 billion was issued on 21 May 2013 with a maturity period of 3 years. The coupon rate was 5.03% with interest payable every 12 months. The two tranches were due on 21 March 2016 and 21 May 2016 and have been repaid.

(1) 本公司於2009年8月在中國銀行間市場交易商協會註冊發行中期票據, 註冊金額為人民幣27億元, 手續費率為千分之三, 分兩次發行。第一次於2009年8月24日發行, 金額為人民幣13億元, 債券期限為5年, 票面利率為4.95%, 付息頻率為12個月, 該筆債券已於2015年到期並已償還。第二次於2011年7月28日發行, 金額為人民幣14億元, 債券期限為5年, 票面利率為5.65%, 付息頻率為12個月, 該筆債券已於2016年7月28日到期並已償還。

(2) 本公司於2013年2月在中國銀行間市場交易商協會註冊發行中期票據, 註冊金額為人民幣14億元, 手續費率為千分之三, 分兩次發行。第一次於2013年3月21日發行, 金額為人民幣4億元, 債券期限為3年, 票面利率為5.18%, 付息頻率為12個月。第二次於2013年5月21日發行, 金額為人民幣4億元, 債券期限為3年, 票面利率為5.03%, 付息頻率為12個月。該兩筆債券已分別於2016年3月21日和2016年5月21日到期並已償還。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

35. Other current liabilities

35. 其他流動負債

		2016 2016年	2015 2015年
Product quality assurance monies	產品質量保證金	1,614,389,932.45	1,096,672,498.77
Deferred income (portion due within one year)	遞延收益(一年內到期部分)	547,440,069.60	549,123,980.00
Others	其他	630,066,440.20	372,530,176.41
		2,791,896,442.25	2,018,326,655.18

36. Long-term borrowings

36. 長期借款

		2016 2016年	2015 2015年
Guaranteed loans (Note 1)	擔保借款(註1)	-	200,000,000.00
Credit loans	信用借款	29,509,307,940.40	6,445,175,346.45
Mortgage loans (Notes 2,3)	抵押借款(註2,3)	706,807,751.45	-
Pledged loans	質押借款	-	638,568,000.00
		30,216,115,691.85	7,283,743,346.45

Long-term borrowings are classified according to dates of maturity as follows:

長期借款按到期日劃分如下：

		2016 2016年	2015 2015年
Due within 1 year or on demand	1年內到期或隨時要求償付	1,547,622,000.00	456,096,323.00
Due within 2 years	2年內到期	11,630,527,445.20	1,527,185,408.20
Due within 3 to 5 years (inclusive)	3到5年內到期(含3年和5年)	17,704,110,495.13	3,461,260,738.25
Due over 5 years	5年以上	881,477,751.52	2,295,297,200.00
Less: Long-term borrowings classified as due within one year	減：分類為一年內到期的長期借款	1,547,622,000.00	456,096,323.00
		30,216,115,691.85	7,283,743,346.45

As at 31 December 2016, the loans above carried interest at rates ranging from 1.3% to 5.305% per annum (31 December 2015: 1.3% to 5.535%).

於2016年12月31日，上述借款的年利率為1.3%~5.305%(2015年12月31日：1.3%~5.535%)。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Long-term borrowings (Continued)

Note 1: The guaranteed loans amounting to RMB200,000,000.00 under non-current liabilities due within one year (31 December 2015: guaranteed loans amounting to RMB200,000,000.00 under long-term borrowings) represented the financial guarantee in respect of the loan business of Shaanxi Heavy-duty Motor Co., Ltd., a subsidiary of the Company, granted to the Export-Import Bank of China from the Xi'an branch of the Bank of East Asia (China) Limited, which will mature in September 2017.

Note 2: Mortgage loans amounting to RMB8,000,000.00 under long-term borrowings and amounting to RMB2,000,000.00 under non-current liabilities due within one year (31 December 2015: Nil) were loans provided to Shaanxi Heavy-duty Motor Co., Ltd., a subsidiary of the Company, from Rural Credit Cooperative of Qishan County, Shaanxi Province, and secured by machinery and equipment with a carrying amount of RMB25,505,590.73.

Note 3: An amount of RMB698,807,751.45 under long-term borrowings (31 December 2015: Nil) was loan provided to Weichai (Chongqing) Automotive Co., Ltd., a subsidiary of the Company, from the Chongqing Branch of China Construction Bank Corporation and Shandong Heavy Industry Group Finance Co., Ltd., and secured by construction in progress with a carrying amount of RMB46,802,426.45, fixed assets with a carrying amount of RMB510,570,934.81 and intangible assets with a carrying amount of RMB375,324,214.11. As at 31 December 2016, the mortgage had not been registered.

37. Bonds payable

五、合併財務報表主要項目註釋(續)

36. 長期借款(續)

註1：一年內到期的非流動負債中的擔保借款為人民幣200,000,000.00元(2015年12月31日：長期借款中的擔保借款為人民幣200,000,000.00元)為東亞銀行(中國)有限公司西安分行為本公司之子公司陝西重型汽車有限公司的貸款業務開立融資性保函給中國進出口銀行，該借款將於2017年9月到期。

註2：長期借款中人民幣8,000,000.00元及一年內到期的非流動負債中人民幣2,000,000.00元(2015年12月31日：無)的抵押借款，為陝西省岐山縣農村信用合作聯社為本公司之子公司陝西重型汽車有限公司貸款，以賬面價值人民幣25,505,590.73元的機器設備用於抵押。

註3：長期借款中人民幣698,807,751.45元(2015年12月31日：無)為中國建設銀行股份有限公司重慶市分行與山東重工集團財務有限公司為本公司之子公司濰柴(重慶)汽車有限公司貸款，以賬面價值人民幣46,802,426.45元的在建工程、人民幣510,570,934.81元的固定資產及人民幣375,324,214.11元的無形資產用於抵押，截至2016年12月31日，尚未辦理抵押登記。

37. 應付債券

		2016	2015
		2016年	2015年
Medium-term notes	中期票據	2,756,201,597.01	5,985,529,194.60

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Bonds payable (Continued)

As at 31 December 2016, balance of bonds payable are listed as follows:

	Face value	Issuing date	Bond period	Issued amount	At the beginning of year	Issued this year	Accrued interest this year	Amortisation	Repaid this year	At the end of year	Note
	面值	發行日期	債券期限	發行金額	年初餘額	本年發行	本年計提利息	折溢價攤銷	本年償還	年末餘額	註
Medium-term note	3,303,755,294.40	2013-2-6	7 years	3,298,672,593.95	3,409,725,656.23	-	137,161,080.00	(106,860,656.23)	(3,302,865,000.00)	-	(1)
Medium-term note	2,544,520,000.00	2015-9-30	5 years	2,522,317,954.03	2,575,803,538.37	-	113,817,658.56	180,398,058.64	-	2,756,201,597.01	(2)
Total	5,848,275,294.40				5,985,529,194.60	-	250,978,738.56	73,537,402.41	(3,302,865,000.00)	2,756,201,597.01	

五、合併財務報表主要項目註釋(續)

37. 應付債券(續)

於2016年12月31日，應付債券餘額列示如下：

As at 31 December 2015, balance of bonds payable are listed as follows:

於2015年12月31日，應付債券餘額列示如下：

	Face value	Issuing date	Bond period	Issued amount	At the beginning of year	Issued this year	Accrued interest this year	Amortisation	Repaid this year	At the end of year	Note
	面值	發行日期	債券期限	發行金額	年初餘額	本年發行	本年計提利息	折溢價攤銷	本年償還	年末餘額	註
Medium-term note	3,303,755,294.40	2013-2-6	7 years	3,298,672,593.95	3,637,524,963.81	-	210,984,750.00	(227,799,307.58)	-	3,409,725,656.23	(1)
Medium-term note	2,544,520,000.00	2015-9-30	5 years	2,522,317,954.03	-	2,522,317,954.03	26,687,379.23	53,485,584.34	-	2,575,803,538.37	(2)
Total	5,848,275,294.40				3,637,524,963.81	2,522,317,954.03	237,672,129.23	(174,313,723.24)	-	5,985,529,194.60	

(1) KION Group AG, a subsidiary of the Company, issued medium-term notes in a registered amount of EUR450 million in Europe in February 2013. Its maturity period was 7 years, with a coupon rate of 6.75%. The interest was payable every 6 months. The tranche was early repaid in February 2016.

(1) 本公司之子公司KION GROUP AG，於2013年2月在歐洲發行註冊資金為歐元4.5億的中期票據，票面利率為6.75%，債券期限為7年，付息頻率為6個月，該筆債券已於2016年2月提前償還。

(2) Weichai International (Hong Kong) Energy Group Co., Ltd., a subsidiary of the Company, issued medium-term notes with registered capital of USD400 million on 30 September 2015, nominal interest rate of 4.125%, maturity of 5 years and with interest payable every six months.

(2) 本公司之子公司濰柴國際(香港)能源集團有限公司，於2015年9月30日發行註冊資金為4億美元的中期票據，票面利率為4.125%，債券期限為5年，付息頻率為6個月。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

38. Long-term payables

38. 長期應付款

		2016 2016年	2015 2015年
Government grants for national debt projects	國債項目政府撥款	5,500,000.00	5,500,000.00
Rental payable for sale and leaseback	應付售後租回租賃款	5,275,853,019.60	4,382,655,373.60
Finance lease	融資租賃	2,496,857,775.60	2,210,885,605.60
Other financial liabilities	其他金融負債	3,025,015.20	5,058,877.60
		7,781,235,810.40	6,604,099,856.80
		2016 2016年	2015 2015年
Long-term payables	長期應付款		
Due within 1 year or on demand	1年內到期或隨時要求償付	3,077,266,126.80	2,592,316,462.40
Due within 2 years	2年內到期	3,298,302,532.09	2,667,200,423.20
Due within 3 to 5 years (inclusive)	3到5年內到期(含3年和5年)	4,169,478,865.11	3,639,504,125.60
Due over 5 years	5年以上	313,454,413.20	297,395,308.00
		10,858,501,937.20	9,196,416,319.20
Less: Long-term payables classified as due within one year	減：分類為一年內到期的長期應付款	3,077,266,126.80	2,592,316,462.40
		7,781,235,810.40	6,604,099,856.80

As at 31 December 2016, the balance of unrecognized finance costs in finance lease payables amounted to RMB829,320,316.30 (31 December 2015: RMB714,146,070.40).

於2016年12月31日，融資租賃應付款中未確認融資費用的餘額為人民幣829,320,316.30元(2015年12月31日：人民幣714,146,070.40元)。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

39. Long-term payroll payable

39. 長期應付職工薪酬

		2016 2016年	2015 2015年
Defined benefit obligations	設定受益義務	8,062,097,579.58	6,438,405,650.11
Long-term severance benefits	長期辭退福利	124,005,321.62	117,348,692.36
Cash-settled share-based payments	以現金結算的股份支付	125,669,653.20	106,314,476.80
Other long-term payroll payable	其他長期職工薪酬	263,022,639.90	266,106,385.65
		8,574,795,194.30	6,928,175,204.92

Defined benefit obligations

The Group operates defined benefit schemes for its staff in some overseas subsidiaries who meet conditions. The scheme requires that contribution be made to an independently administered fund. Under the scheme, staff are entitled to enjoy retirement benefit provided for under defined benefit of the plans.

The Group's defined benefit scheme is one requiring contribution prior to termination of service. The scheme requires that contribution be made to an independently administered fund. The scheme is administered by an independent trustee in the legal form of a fund. The assets held under the fund is held separately with assets of the Group. The trustee is responsible for the investment strategies of the scheme.

The trustee assesses the level of capital of the scheme. The assessment includes asset-liabilities matching strategies and investment risk management strategies. The trustee determines the amount to be deployed based on the result of its annual assessment. The investment portfolio is composed of 25% equity instrument investment, 61% debt instrument investment, 6% insurance business and 1% real estate.

The scheme is exposed to interest rate risk, risk of change of anticipated age of beneficiaries of the pension, and risks of the securities market.

The latest actuarial valuation of the assets under the scheme and the present value of the defined benefit obligations are determined by using the projected unit credit method.

設定受益義務

本集團部分境外子公司為符合條件的員工運作若干設定受益計劃，該計劃要求向獨立管理的基金繳存費用。在該計劃下，員工有權享受設定受益計劃約定的退休福利。

本集團的設定受益計劃是離職前薪水退休金計劃，該計劃要求向獨立管理的基金繳存費用。該計劃以基金為法律形式，並由獨立受托人進行管理，其持有的資產與本集團的資產單獨分開。受托人負責確定該計劃的投資策略。

受托人審核計劃的資金水平。該審核包括資產－負債匹配策略和投資風險管理策略。受托人根據年度審核的結果決定應繳存額。投資組合由25%的權益工具投資、61%的債務工具投資、6%的保險業務和1%的房地產等混合而成。

該計劃受利率風險、退休金受益人的預期壽命變動風險和證券市場風險的影響。

該計劃資產的最近精算估值和設定受益義務的現值使用預期累積福利單位法確定。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Long-term payroll payable (Continued)

Defined benefit obligations (Continued)

The following table sets out the key actuarial assumptions used as at the balance sheet date:

		2016 2016年	2015 2015年
Discount rate (%)	折現率(%)	1.35%-4.05%	1.61%-3.75%
Expected growth rate of future pension expenses (%)	預期未來退休金費用增長率(%)	0.00%-3.50%	0.42%-3.35%
Expected rate of salary increment (%)	預期薪金增長率(%)	0.00%-4.25%	2.50%-4.25%

The actuarial valuation illustrates that the market value of assets under the scheme is RMB5,830,951,970.18 (31 December 2015: RMB4,497,117,081.86). Such actuarial valuation of assets accounts for 42.24% of the benefit provided for qualifying staff.

The following table shows the quantitative sensitivity analysis of key assumptions used:

2016

		Increase/(decrease) of defined benefit		Increase/(decrease) of defined benefit	
		Increase 增加	obligations 增加/(減少)	Decrease 減少	obligations 增加/(減少)
Discount rate	折現率	1.00%	(2,734,093,007.21)	1.00%	3,795,152,255.52
Future growth of salary	未來薪金增長	0.50%	890,286,641.12	0.50%	(890,030,742.37)
Future growth of pension expenses	未來退休金費用增長	0.25%	1,106,904,725.33	0.25%	(1,062,600,421.91)

2015

		Increase/(decrease) of defined benefit		Increase/(decrease) of defined benefit	
		Increase 增加	obligations 增加/(減少)	Decrease 減少	obligations 增加/(減少)
Discount rate	折現率	1.00%	(1,566,918,158.40)	1.00%	2,090,501,347.20
Future growth of salary	未來薪金增長	0.50%	115,091,239.20	0.50%	(123,342,956.80)
Future growth of pension expenses	未來退休金費用增長	0.25%	274,236,575.20	0.25%	(263,068,730.40)

五、合併財務報表主要項目註釋(續)

39. 長期應付職工薪酬(續)

設定受益義務(續)

下表為資產負債表日所使用的主要精算假設：

精算估值顯示計劃資產的市值為人民幣5,830,951,970.18元(2015年12月31日：人民幣4,497,117,081.86元)，且這些資產的精算價值佔為符合條件員工計提的福利的42.24%。

下表為所使用的重大假設的定量敏感性分析：

2016年

2015年

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Long-term payroll payable (Continued)

Defined benefit obligations (Continued)

The aforesaid sensitivity analysis is the judgment made to the effect on the net amount of defined benefit based on the reasonable changes occurring on the balance sheet date upon certain key assumptions. Sensitivity analysis is conducted based on the changes in significant assumptions with all other assumptions remaining unchanged. Since the changes in assumptions are not independent from each other, sensitivity analysis may not represent the actual changes in the defined benefit obligations.

Scheme recognized in the profit and loss is set out below:

		2016 2016年	2015 2015年
Current cost of service	當期服務成本	243,959,492.34	245,464,538.01
Historical cost of service	過去服務成本	(1,797,804.40)	-
Interest expenses	利息淨額	148,260,862.85	129,291,078.54
Net amount of the cost of post-employment benefit	離職後福利成本淨額	390,422,550.79	374,755,616.55
Credited to cost of sales	計入營業成本	153,127,070.80	144,379,556.00
Credited to distribution and selling expenses	計入銷售費用	43,167,906.00	44,016,802.00
Credited to general and administrative expenses	計入管理費用	45,866,711.14	57,068,180.01
Credited to financial expenses	計入財務費用	148,260,862.85	129,291,078.54
		390,422,550.79	374,755,616.55

五、合併財務報表主要項目註釋(續)

39. 長期應付職工薪酬(續)

設定受益義務(續)

上述敏感性分析，系根據關鍵假設在資產負債表日發生合理變動時對設定受益淨額的影響的推斷。敏感性分析，是在其他假設保持不變的前提下，根據重大假設的變動作出的。由於因為假設的變化往往並非彼此孤立，敏感性分析可能不代表設定受益義務的實際變動。

在損益中確認的有關計劃如下：

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Long-term payroll payable (Continued)

Defined benefit obligations (Continued)

The change in defined benefit obligations and the change in fair value of assets under the scheme are as follows:

2016

五、合併財務報表主要項目註釋(續)

39. 長期應付職工薪酬(續)

設定受益義務(續)

設定受益義務變動和計劃資產公允價值變動如下：

2016年

		Present value of defined benefit scheme obligations 設定受益計劃 義務現值	Fair value of defined benefit scheme 設定受益計劃 公允價值	Net liabilities/ (Net assets) of assets under the scheme 計劃資產 淨負債/(淨資產)
Opening balance	年初餘額	10,720,978,074.37	(4,497,117,081.86)	6,223,860,992.51
Business combinations not involving entities under common control	非同一控制下企業合併	1,810,177,090.40	(1,106,709,296.00)	703,467,794.40
Taken to profit or loss in the current period	計入當期損益			
Cost of services	服務成本	242,161,687.94	-	242,161,687.94
Net interest	利息淨額	292,677,134.53	(144,416,271.68)	148,260,862.85
Credited to other comprehensive income	計入其他綜合收益			
Actuarial gains	精算利得	1,028,082,666.99	(3,350,518.60)	1,024,732,148.39
Return on assets under the scheme (net of amount included in net interest)	計劃資產回報 (計入利息淨額的除外)	-	(458,659,008.11)	(458,659,008.11)
Adjustment for exchange differences	匯兌差額調整	(52,046,336.40)	-	(52,046,336.40)
Benefits paid	已支付的福利	(308,887,858.38)	205,458,339.14	(103,429,519.24)
Contribution from employers	僱主繳存	(8,766,251.22)	(45,296,837.62)	(54,063,088.84)
Other changes	其他變動	78,792,394.73	219,138,704.55	297,931,099.28
Closing balance	年末餘額	13,803,168,602.96	(5,830,951,970.18)	7,972,216,632.78 (註)(Note)

Note: In 2016, the assets under the scheme amounted in aggregate to RMB89,880,946.80 to be under other non-current assets.

註：2016年計劃資產中有共計人民幣89,880,946.80元在其他非流動資產中核算。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

39. Long-term payroll payable (Continued)
Defined benefit obligations (Continued)
201539. 長期應付職工薪酬(續)
設定受益義務(續)
2015年

		Present value of defined benefit scheme obligations 設定受益計劃 義務現值	Fair value of defined benefit scheme 設定受益計劃 公允價值	Net liabilities/ (Net assets) of assets under the scheme 計劃資產 淨負債/(淨資產)
Opening balance	年初餘額	10,997,112,057.69	(4,547,670,440.92)	6,449,441,616.77
Taken to profit or loss in the current period	計入當期損益	245,464,538.01	-	245,464,538.01
Cost of services	服務成本			
Net interest	利息淨額	270,397,939.28	(141,106,860.74)	129,291,078.54
Credited to other comprehensive income	計入其他綜合收益			
Actuarial gains	精算利得	(217,770,868.27)	-	(217,770,868.27)
Return on assets under the scheme (net of amount included in net interest)	計劃資產回報 (計入利息淨額的除外)	-	97,897,056.56	97,897,056.56
Adjustment for exchange differences	匯兌差額調整	22,824,556.00	-	22,824,556.00
Benefits paid	已支付的福利	(277,765,134.83)	168,561,289.76	(109,203,845.07)
Contribution from employers	僱主繳存	5,226,084.91	(64,991,187.35)	(59,765,102.44)
Other changes	其他變動	(324,511,098.42)	(9,806,939.17)	(334,318,037.59)
Closing balance	年末餘額	10,720,978,074.37	(4,497,117,081.86)	6,223,860,992.51 (註)

Note: In 2015, the assets under the scheme amounted in aggregate to RMB214,544,657.60 to be under other non-current assets.

註：2015年計劃資產中有共計人民幣214,544,657.60元在其他非流動資產中核算。

Fair value of assets under the scheme is mainly classified as follows:

計劃資產公允價值的主要分類如下：

		2016 2016年	2015 2015年
Stocks	股票	1,478,311,654.99	851,068,432.57
Bonds	債券	3,532,617,173.07	2,999,204,402.94
Real estates	房地產	80,728,424.92	69,800,997.07
Insurance	保險	345,070,936.80	312,430,036.80
Others	其他	394,223,780.40	264,613,212.48

The assets under the scheme comprise neither ordinary shares or debentures of the Company nor real estates occupied by the Group.

計劃資產無本公司普通股、債券，也無由本集團佔用的房地產。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Long-term payroll payable (Continued)

Defined benefit obligations (Continued)

It is anticipated that the contribution to be made to the defined benefit obligations within the next 12 months will amount to RMB369,078,272.27.

The average term of the defined benefit obligations as at the balance sheet date is 14.3 to 22.7 years (31 December 2015: 15 to 22 years).

40. Special payables
2016

		At year- beginning 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	At year-end 年末餘額
Interest subsidy for liquid fund granted by provincial finance office	省財政廳撥付的 流動資金貸款貼息	23,000,000.00	-	-	23,000,000.00
National debt special fund – establishment of key industry revitalization and technological renovation projects	國債專項資金－重點 產業振興和 技術改造項目建設	20,000,000.00	-	-	20,000,000.00
		43,000,000.00	-	-	43,000,000.00

2015

		At year- beginning 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	At year-end 年末餘額
Interest subsidy for liquid fund granted by provincial finance office	省財政廳撥付的 流動資金貸款貼息	23,000,000.00	-	-	23,000,000.00
National debt special fund – establishment of key industry revitalization and technological renovation projects	國債專項資金－重點 產業振興和 技術改造項目建設	20,000,000.00	-	-	20,000,000.00
		43,000,000.00	-	-	43,000,000.00

五、合併財務報表主要項目註釋(續)

39. 長期應付職工薪酬(續)

設定受益義務(續)

預計未來12個月內將向設定受益義務做出的繳存額為人民幣369,078,272.27元。

資產負債表日的設定受益義務的平均期間是14.3至22.7年(2015年12月31日: 15至22年)。

40. 專項應付款
2016年

2015年

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 五、合併財務報表主要項目註釋(續)

41. Provisions
2016

41. 預計負債
2016年

		Opening Balance 年初金額	Increase during year 本年增加	Decrease during year 本年減少	Adjustment for exchange differences 匯兌差額調整	Closing balance 年末餘額
Product quality assurance monies	產品質量保證金	166,524,344.00	47,576,231.60	(84,439,206.80)	2,540,563.60	132,201,932.40
Pending litigation	未決訴訟	18,759,708.80	35,559,516.80	(7,176,344.00)	3,010,993.60	50,153,875.20
Guarantee provided to external parties	對外提供擔保	14,452,922.40	7,073,824.80	(2,145,580.40)	836,748.80	20,217,915.60
Debt restructuring	債務重組	19,050,612.00	7,322.80	(13,927,965.60)	591,255.20	5,721,224.40
Losses in contract	虧損合同	4,909,878.40	9,548,931.20	(65,905.20)	322,990.80	14,715,895.20
Others	其他	62,480,331.20	41,453,643.20	(13,327,496.00)	(2,583,728.00)	88,022,750.40
		286,177,796.80	141,219,470.40	(121,082,498.00)	4,718,824.00	311,033,593.20

2015

2015年

		Opening Balance 年初金額	Increase during year 本年增加	Decrease during year 本年減少	Adjustment for exchange differences 匯兌差額調整	Closing balance 年末餘額
Product quality assurance monies	產品質量保證金	397,271,646.00	120,026,880.00	(333,769,192.00)	(17,004,990.00)	166,524,344.00
Pending litigation	未決訴訟	-	23,324,668.00	(4,681,604.00)	116,644.80	18,759,708.80
Guarantee provided to external parties	對外提供擔保	15,358,536.00	13,885,054.00	(13,898,946.00)	(891,721.60)	14,452,922.40
Debt restructuring	債務重組	-	18,650,010.00	-	400,602.00	19,050,612.00
Losses in contract	虧損合同	4,965,429.60	180,596.00	-	(236,147.20)	4,909,878.40
Others	其他	26,653,770.00	62,604,298.00	(25,943,310.00)	(834,426.80)	62,480,331.20
		444,249,381.60	238,671,506.00	(378,293,052.00)	(18,450,038.80)	286,177,796.80

42. Deferred income

42. 遞延收益

		2016 2016年	2015 2015年
Government grant	政府補助	1,092,367,633.72	964,214,926.16
Deferred income of "sales with risk" business	保留風險銷售業務之 遞延收益	238,194,373.20	280,267,495.20
Deferred income of sale and leaseback sub-leases	售後租回再轉租業務之 遞延收益	968,333,670.00	802,296,835.20
Deferred income of forklift truck services	叉車服務對應之遞延收益	253,640,948.40	209,854,730.40
Others	其他	21,693,889.19	22,768,496.79
		2,574,230,514.51	2,279,402,483.75

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Deferred income (Continued)

As at 31 December 2016, the liability items related to government grant are as follows:

		Opening balance	Increase during the year	Credited to non-operating income during the year	Closing balance	Related to assets/income
		年初金額	本年新增	本年計入營業外收入	年末餘額	與資產/收益相關
Land-related government grant	與土地相關的政府補助	759,725,901.40	45,833,742.00	24,380,756.82	781,178,886.58	Related to assets 與資產相關
Special funds for industry revitalization and technological renovation	產業振興和技改專項資金	148,943,771.85	95,280,000.00	6,570,613.96	237,653,157.89	Related to assets 與資產相關
Special assistance fund	專項補助資金	11,502,779.49	1,348,000.00	373,648.78	12,477,130.71	Related to assets 與資產相關
National debt special fund	國債專項資金	11,953,216.79	-	1,992,202.80	9,961,013.99	Related to assets 與資產相關
Position-based allowances for project teams	項目人才團隊崗位津貼等	29,473,900.00	38,224,161.00	19,112,832.00	48,585,229.00	Related to income 與收益相關
Others	其他	2,615,356.63	-	103,141.08	2,512,215.55	Related to assets 與資產相關
		964,214,926.16	180,685,903.00	52,533,195.44	1,092,367,633.72	

五、合併財務報表主要項目註釋(續)

42. 遞延收益(續)

於2016年12月31日，涉及政府補助的負債項目如下：

As at 31 December 2015, the liability items related to government grant are as follows:

於2015年12月31日，涉及政府補助的負債項目如下：

		Opening balance	Increase during the year	Credited to non-operating income during the year	Decrease in changes in scope of consolidation	Closing balance	Related to assets/income
		年初金額	本年新增	本年計入營業外收入	合併範圍變動減少	年末餘額	與資產/收益相關
Land-related government grant	與土地相關的政府補助	704,862,516.67	98,399,700.00	10,927,981.89	32,608,333.38	759,725,901.40	Related to assets 與資產相關
Special funds for industry revitalization and technological renovation	產業振興和技改專項資金	123,366,395.81	41,460,890.00	9,483,514.04	6,399,999.92	148,943,771.85	Related to assets 與資產相關
Special assistance fund	專項補助資金	11,425,779.55	450,000.00	373,000.06	-	11,502,779.49	Related to assets 與資產相關
National debt special fund	國債專項資金	13,945,419.59	-	1,992,202.80	-	11,953,216.79	Related to assets 與資產相關
Position-based allowances for project teams	項目人才團隊崗位津貼等	-	29,473,900.00	-	-	29,473,900.00	Related to income 與收益相關
Others	其他	2,718,497.71	-	103,141.08	-	2,615,356.63	Related to assets 與資產相關
		856,318,609.33	169,784,490.00	22,879,839.87	39,008,333.30	964,214,926.16	

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

43. Share capital
201643. 股本
2016年

		Opening balance 年初餘額		Increase(decrease) of shares in current year 本年增(減)股數	Closing balance 年末餘額	
		No. of shares 股數	Percentage 比例 (%)		No. of shares 股數	Percentage 比例 (%)
i. Restricted shares	一. 有限售條件股份					
State-owned legal person shares	國有法人持股	821,265,504.00	20.54	-	821,265,504.00	20.54
Other domestic shares	其他內資持股	113,664,000.00	2.84	(67,285,989.00)	46,378,011.00	1.16
Incl: Domestic non-state-owned legal person shares	其中：境內非國有 法人持股	-	-	-	-	-
Domestic natural person shares	境內自然人持股	113,664,000.00	2.84	(67,285,989.00)	46,378,011.00	1.16
		934,929,504.00	23.38	(67,285,989.00)	867,643,515.00	21.70
ii. Non-restricted shares	二. 無限售條件股份					
RMB ordinary Shares	人民幣普通股	2,092,169,774.00	52.32	67,285,989.00	2,159,455,763.00	54.00
Domestic listed foreign shares	境內上市的外資股	-	-	-	-	-
Overseas listed foreign shares	境外上市的外資股	971,520,000.00	24.30	-	971,520,000.00	24.30
		3,063,689,774.00	76.62	67,285,989.00	3,130,975,763.00	78.30
iii. Total no. of shares	三. 股份總數	3,998,619,278.00	100.00	-	3,998,619,278.00	100.00

2015

2015年

		Opening balance 年初餘額		Increase (decrease) of shares in current year 本年增(減)股數			Closing balance 年末餘額	
		No. of shares 股數	Percentage 比例 (%)	Capitalisation of surplus reserve 盈餘公積 轉增資本	Others 其他	Sub-total 小計	No. of shares 股數	Percentage 比例 (%)
i. Restricted shares	一. 有限售條件股份							
State-owned legal person shares	國有法人持股	410,632,752.00	20.54	410,632,752.00	-	410,632,752.00	821,265,504.00	20.54
Other domestic shares	其他內資持股	56,832,000.00	2.84	56,832,000.00	-	56,832,000.00	113,664,000.00	2.84
Incl: Domestic non-state-owned legal person shares	其中：境內非國有 法人持股	-	-	-	-	-	-	-
Domestic natural person shares	境內自然人持股	56,832,000.00	2.84	56,832,000.00	-	56,832,000.00	113,664,000.00	2.84
Overseas shares	境外持股	-	-	-	-	-	-	-
Incl: Overseas legal person shares	其中：境外法人持股	-	-	-	-	-	-	-
Overseas natural person shares	境外自然人持股	-	-	-	-	-	-	-
		467,464,752.00	23.38	467,464,752.00	-	467,464,752.00	934,929,504.00	23.38
ii. Non-restricted shares	二. 無限售條件股份							
RMB ordinary Shares	人民幣普通股	1,046,084,887.00	52.32	1,046,084,887.00	-	1,046,084,887.00	2,092,169,774.00	52.32
Domestic listed foreign shares	境內上市的外資股	-	-	-	-	-	-	-
Overseas listed foreign shares	境外上市的外資股	485,760,000.00	24.30	485,760,000.00	-	485,760,000.00	971,520,000.00	24.30
		1,531,844,887.00	76.62	1,531,844,887.00	-	1,531,844,887.00	3,063,689,774.00	76.62
iii. Total no. of shares	三. 股份總數	1,999,309,639.00	100.00	1,999,309,639.00	-	1,999,309,639.00	3,998,619,278.00	100.00

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Capital reserve
2016

五、合併財務報表主要項目註釋(續)

44. 資本公積
2016年

		Adjustments on business combinations involving entities				Closing balance
		Opening balance	under common control	Increase during the year	Decrease during the year	
		年初餘額	同一控制下 企業合併調整	本年增加	本年減少	年末餘額
Share premium (Notes 1, 2, 3)	股本溢價(註1,2,3)	-	199,002,149.07	19,587,504.71	(218,589,653.78)	-
Other capital reserve (Note 4)	其他資本公積(註4)	27,883,109.16	-	2,256,750.75	-	30,139,859.91
		27,883,109.16	199,002,149.07	21,844,255.46	(218,589,653.78)	30,139,859.91

2015

2015年

		Adjustments on business combinations involving entities				Closing balance
		Opening balance	under common control	Increase during the year	Decrease during the year	
		年初餘額	同一控制下 企業合併調整	本年增加	本年減少	年末餘額
Share premium	股本溢價	1,261,909,166.48	96,667,953.47	127,654,271.67	(1,287,229,242.55)	199,002,149.07
Other capital reserve	其他資本公積	26,343,772.03	-	1,539,337.13	-	27,883,109.16
		1,288,252,938.51	96,667,953.47	129,193,608.80	(1,287,229,242.55)	226,885,258.23

Note 1: In 2016, the Company acquired minority interests from its subsidiaries, Weichai Power (Weifang) Intensive Logistics Co., Ltd. and Shandong Synergy Oil Co., Ltd., and the capital reserve increased with share premium of RMB17,551,777.12.

註1、2016年，本公司收購子公司濰柴動力(濰坊)集約配送有限公司和山東歐潤油品有限公司少數股東股權增加資本公積股本溢價人民幣17,551,777.12元。

Note 2: In 2016, the Company acquired the additional 5,934,000 shares of its subsidiary, KION GROUP AG through Weichai Power (Luxembourg) Holding S.à r.l. ("Weichai Lux"). Upon the completion of acquisition of new shares, the percentage of shareholding increased from 38.25% to 40.23%. Moreover, Weichai Lux acquired 3.03% minority interest of KION Group AG from the secondary market. From the aforementioned equity transaction, the share premium decreased by RMB9,404,013.95, the surplus reserve decreased by RMB1,301,943,002.64, and the retained earnings decreased by RMB315,339,460.43.

註2、2016年，本公司通過濰柴動力(盧森堡)控股有限公司(「濰柴盧森堡」)認購子公司KION GROUP AG增發股份5,934,000股，本次新股認購交割完成後，持股比例由38.25%上升至40.23%，此外，濰柴盧森堡從二級市場購買KION GROUP AG 3.03%的少數股權，上述權益性交易沖減股本溢價人民幣9,404,013.95元，沖減盈餘公積人民幣1,301,943,002.64元，沖減未分配利潤人民幣315,339,460.43元。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

44. Capital reserve (Continued)

Note 3: On 31 October 2016, the Company acquired 100% equity interest of its subsidiary, Weichai (Weifang) Medium-duty Diesel Engine Co., Ltd. ("Weichai Medium-duty") from its controlling shareholders. The adjusted capital reserve at beginning of year amounted to RMB199,002,149.07. The capital reserve of Weichai Medium-duty increased by RMB2,035,727.59 due to the special reserve incurred from January to October of this year. As of the acquisition date, the capital reserve decreased by RMB8,147,763.17 due to the difference between the consideration of acquisition and the book value in the net assets of Weichai Medium-duty acquired.

Note 4: For other increase in capital reserve arising from equity-settled share-based payment, please refer to Note XI. Share-based Payment.

45. Other comprehensive income

Other comprehensive income, on a cumulative basis, attributable to parent as shown in balance sheet is as follows:

	1 January 2015 2015年1月1日	Increase/(Decrease) 增減變動	31 December 2015 2015年12月31日	Increase/(Decrease) 增減變動	31 December 2016 2016年12月31日	
Changes arising from re-measuring net assets or net liabilities of defined benefit plan	重新計量設定收益計劃 淨負債或淨資產變動	(399,400,214.14)	23,664,201.02	(375,736,013.12)	(184,215,626.51)	(559,951,639.63)
Share of investee's other comprehensive income not to be reclassified into profit or loss using the equity method	權益法下在被投資單位不能重分類進損益的其他綜合收益中享有的份額	(169,889,140.76)	5,240,567.93	(164,648,572.83)	(928,656.44)	(165,577,229.27)
Share of investee's other comprehensive income to be reclassified into profit or loss using the equity method	權益法下在被投資單位以後將重分類進損益的其他綜合收益中享有的份額	26,376,302.58	7,779,405.56	34,155,708.14	518,499.84	34,674,207.98
Change of fair value of available-for-sale financial assets	可供出售金融資產公允價值變動	56,400,000.00	2,800,000.00	59,200,000.00	(6,000,000.00)	53,200,000.00
Effective portion of cashflow from hedging	現金流量套期的有效部分	(6,420,300.47)	13,089,207.22	6,668,906.75	(66,499,896.80)	(59,830,990.05)
Exchange differences on foreign currency translation	外幣財務報表折算差額	12,563,549.71	(158,998,330.14)	(146,434,780.43)	426,833,274.64	280,398,494.21
Relevant income tax effect	相關的所得稅影響	91,883,900.39	(7,597,822.68)	84,286,077.71	37,699,324.71	121,985,402.42
		(388,485,902.69)	(114,022,771.09)	(502,508,673.78)	207,406,919.44	(295,101,754.34)

44. 資本公積(續)

註3、2016年10月31日，本公司向控股股東收購其子公司濰柴(濰坊)中型柴油機有限公司(濰柴中機)100%股權，調整年初資本公積人民幣199,002,149.07元，濰柴中機本年1至10月產生的專項儲備導致資本公積增加人民幣2,035,727.59元。收購日，本公司支付收購對價與取得的濰柴中機的淨資產的入帳價值差異沖減資本公積人民幣8,147,763.17元。

註4、權益結算的股份支付引起的資本公積其他的增加，參見附註十一、股份支付。

45. 其他綜合收益

資產負債表中歸屬於母公司的其他綜合收益累計餘額：

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Other comprehensive income (Continued)

Incurred in current period for other comprehensive income:

2016

五、合併財務報表主要項目註釋(續)

45. 其他綜合收益(續)

利潤表中其他綜合收益當期發生額：

2016年

			Less: Amount recognised in other comprehensive income in previous period and recognised in profit or loss in	Attributable to parent company	Attributable to minority interests
	Incurred pre-tax	current period	Less: income tax		
	稅前發生額	減：前期計入其他綜合收益當期轉入損益	減：所得稅	歸屬母公司	歸屬少數股東權益
Other comprehensive income not to be reclassified into profit or loss		以後不能重分類進損益的其他綜合收益			
Changes arising from re-measuring net assets or net liabilities of defined benefit plan	(514,026,803.88)	重新計量設定受益計劃淨負債或淨資產的變動	-	(148,713,028.38)	(242,598,992.22)
Share of investee's other comprehensive income not to be reclassified into profit or loss using the equity method	(1,753,632.01)	權益法下在被投資單位不能重分類進損益的其他綜合收益中享有的份額	-	(928,656.44)	(824,975.57)
Other comprehensive income to be reclassified into profit or loss		以後將重分類進損益的其他綜合收益			
Share of investee's other comprehensive income to be reclassified into profit or loss using the equity method	979,111.20	權益法下在被投資單位以後將重分類進損益的其他綜合收益中享有的份額	-	518,499.84	460,611.36
Change of fair value of available-for-sale financial assets	(6,000,000.00)	可供出售金融資產公允價值變動	-	(5,100,000.00)	-
Effective portion of cashflow from hedging	245,600,620.34	現金流量套期的有效部分	321,467,546.25	(65,203,170.22)	(7,434,150.09)
Exchange differences on foreign currency translation	981,347,707.89	外幣報表折算差額	-	426,833,274.64	554,514,433.25
	706,147,003.54		321,467,546.25	207,406,919.44	304,116,926.73

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Other comprehensive income (Continued)
2015

五、合併財務報表主要項目註釋(續)

45. 其他綜合收益(續)
2015年

		Incurred pre-tax	Less: Amount recognised in other comprehensive income in previous period and recognised in profit or loss in current period	Less: income tax	Attributable to parent company	Attributable to minority interests
		稅前發生額	減：前期計入其他綜合收益當期轉入損益	減：所得稅	歸屬母公司	歸屬少數股東權益
Other comprehensive income not to be reclassified into profit or loss	以後不能重分類進損益的其他綜合收益					
Changes arising from re-measuring net assets or net liabilities of defined benefit plan	重新計量設定受益計劃淨負債或淨資產的變動	99,851,671.98	-	32,072,432.56	18,752,496.53	49,026,742.89
Share of investee's other comprehensive income not to be reclassified into profit or loss using the equity method	權益法下在被投資單位不能重分類進損益的其他綜合收益中享有的份額	13,700,831.20	-	-	5,240,567.93	8,460,263.27
Other comprehensive income to be reclassified into profit or loss	以後將重分類進損益的其他綜合收益					
Share of investee's other comprehensive income to be reclassified into profit or loss using the equity method	權益法下在被投資單位以後將重分類進損益的其他綜合收益中享有的份額	2,611,033.60	-	-	7,779,405.56	(5,168,371.96)
Change of fair value of available-for-sale financial assets	可供出售金融資產公允價值變動	2,800,000.00	-	420,000.00	2,380,000.00	-
Exchange portion of cashflow from hedging	現金流量套期的有效部分	148,381,917.60	114,161,768.00	5,924,492.00	10,823,089.03	17,472,568.57
Exchange differences on foreign currency translation	外幣報表折算差額	(244,124,974.40)	-	-	(158,998,330.14)	(85,126,644.26)
		23,220,479.98	114,161,768.00	38,416,924.56	(114,022,771.09)	(15,335,441.49)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

46. Special reserve
201646. 專項儲備
2016年

		At the beginning of year 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	At the end of year 年末餘額
Safety funds	安全生產費	78,839,437.56	46,796,631.92	(26,924,748.87)	98,711,320.61

2015

2015年

		At the beginning of year 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	At the end of year 年末餘額
Safety funds	安全生產費	51,026,772.11	78,605,603.31	(50,792,937.86)	78,839,437.56

47. Surplus reserve
201647. 盈餘公積
2016年

		At the beginning of year 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	At the end of year 年末餘額
Statutory surplus reserve	法定盈餘公積	1,207,988,900.22	298,750,686.67	(1,506,739,586.89)	-

2015

2015年

		At the beginning of year 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	At the end of year 年末餘額
Statutory surplus reserve	法定盈餘公積	3,051,742,591.19	168,836,810.85	(2,012,590,501.82)	1,207,988,900.22

According to the provisions of Company Law and the articles of association, the Company appropriated statutory surplus reserve at 10% of the net profit. Where the accumulated amount of the statutory surplus reserves reaches 50% or more of the Company's registered capital, additional appropriation is not needed. For movement of major surplus reserve, please refer to Note V. 44.

根據公司法和本公司章程的規定，本公司按淨利潤的10%提取法定盈餘公積金。法定盈餘公積累計額為本公司註冊資本50%以上的，可不再提取。主要盈餘公積的變動參見附註五、44。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

48. Retained earnings

48. 未分配利潤

		2016 2016年	2015 2015年
Retained earnings at end of previous year, before adjustment	調整前上年年末未分配利潤	26,918,633,619.95	26,397,531,915.03
Adjustments on business combinations involving entities under common control	同一控制下企業合併調整	11,500,215.46	(10,196,139.04)
Retained earnings at beginning of year, after adjustment	調整後年初未分配利潤	26,930,133,835.41	26,387,335,775.99
Net profit attributable to shareholders of the parent	歸屬於母公司股東的淨利潤	2,441,188,631.73	1,412,273,295.73
Less: Appropriation of surplus reserves	減：提取盈餘公積	298,750,686.67	168,836,810.85
		<i>Note V. 47 附註五、47</i>	
Dividend payable on ordinary shares in cash	應付普通股現金股利	799,723,855.60	699,758,373.65
Distribution to original shareholders prior to the date of combination involving entities under common control	同一控制下企業合併日前向原股東的分配	7,001,600.00	-
Business combinations involving entities under common control	同一控制下企業合併	43,674,598.77	-
Addition and reduction of shares of subsidiaries and others	增加、減少子公司股份及其他	316,270,810.06	880,051.81
Retained earnings at year end	年末未分配利潤	27,905,900,916.04	26,930,133,835.41

As the scope of combination changed due to business combinations involving entities under common control, the retained earnings at beginning of 2015 decreased by RMB10,196,139.04.

由於同一控制下企業合併導致的合併範圍變更，減少2015年初未分配利潤人民幣10,196,139.04元。

On 7 June 2016, the 2015 profit distribution scheme was considered and approved on the 2015 annual general meeting. Based on the 3,998,619,278 shares, comprising 3,027,099,278 A Shares and 971,520,000 H Shares, representing the total share capital of the Company, all shareholders were entitled to cash dividend of RMB1.00 (including tax) for every 10 shares held, totaling RMB399,861,927.80 in cash.

於2016年6月7日，本公司2015年度股東周年大會審議通過2015年度利潤分配方案，以本公司總股本3,998,619,278股為基數（其中A股總股份3,027,099,278股，H股總股份971,520,000股）向全體股東按10股派發現金紅利人民幣1.00元（含稅），共派發現金股利人民幣399,861,927.80元。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Retained earnings (Continued)

On 30 August 2016, the interim profit distribution scheme 2016 was reviewed and approved at the fourth meeting of the fourth session of the Board, as mandated by the shareholders in general meeting. Based on the 3,998,619,278 shares, comprising 3,027,099,278 A Shares and 971,520,000 H Shares, representing the total share capital of the Company, all shareholders were entitled to cash dividend of RMB1.00 (including tax) for every 10 shares held, totaling RMB399,861,927.80 in cash.

49. 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 value of goods sold, after allowances for returns, trade discounts and the value of services rendered; and gross rental income received and receivable from investment properties.

五、合併財務報表主要項目註釋(續)

48. 未分配利潤(續)

於2016年8月30日，本公司四屆四次董事會根據股東周年大會的授權，審議通過了2016年中期分紅派息方案以本公司總股份3,998,619,278股為基數(其中A股總股份3,027,099,278股，H股總股份971,520,000股)向全體股東每10股派發現金紅利人民幣1.00元(含稅)，共派發現金股利人民幣399,861,927.80元。

49. 營業收入及成本

收入包括本集團日常業務過程中產生的營業額及其他收入。本集團自主業務中產生的營業額指年內扣除退貨、商業折扣、所提供服務的價值的已出售貨物的發票淨額以及投資性房地產已收及應收的租金收入總額。

		2016 2016年		2015 2015年	
		Revenue 收入	Cost 成本	Revenue 收入	Cost 成本
Principal operations	主營業務	91,147,837,519.65	70,166,935,796.12	72,632,806,564.05	55,699,900,689.19
Other revenue	其他業務	2,035,683,864.89	1,933,047,262.51	1,534,933,991.86	1,363,886,097.01
		93,183,521,384.54	72,099,983,058.63	74,167,740,555.91	57,063,786,786.20

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

49. Revenue and cost of sales (Continued)

49. 營業收入及成本(續)

Revenue is listed as follows:

營業收入列示如下：

		2016 2016年	2015 2015年
Revenue from principal operations	主營業務收入		
Sales of goods and others	銷售商品及其他	50,084,856,176.62	37,144,805,198.88
Revenue from forklift truck production, warehouses technology and supply chain solution services	叉車生產、倉庫技術及供應鏈解決方案服務收入	41,062,981,343.03	35,488,001,365.17
		91,147,837,519.65	72,632,806,564.05
Other revenue	其他業務收入		
Sales of materials	銷售材料	1,378,457,250.81	878,275,811.23
Sales of power	銷售動力	51,143,589.11	33,026,957.35
Lease income	租賃收入	90,634,219.24	81,939,932.09
Provision of non-industrial labour	提供非工業勞務	36,311,349.82	40,947,385.05
Others	其他	479,137,455.91	500,743,906.14
		2,035,683,864.89	1,534,933,991.86
		93,183,521,384.54	74,167,740,555.91

50. Taxes and surcharges

50. 稅金及附加

		2016 2016年	2015 2015年
Business tax	營業稅	21,266,720.78	8,155,612.39
City construction tax	城建稅	149,224,459.50	89,525,651.41
Educational surtax	教育費附加	106,722,593.87	61,900,626.11
Land use right tax	土地使用稅	45,168,952.39	-
Tax on vehicles and vessels	車船稅	70,418.03	-
Stamp duty	印花稅	27,443,642.06	-
Property tax	房產稅	78,648,803.35	-
Others	其他	22,312,607.36	28,715,299.21
		450,858,197.34	188,297,189.12

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

51. Distribution and selling expenses

51. 銷售費用

		2016 2016年	2015 2015年
Staff costs	員工成本	2,926,081,314.02	2,590,423,560.56
Freight and packaging	運費及包裝費	849,338,881.28	763,945,466.59
Marketing expenses	市場開拓費用	860,457,615.44	757,036,454.32
After-sales and product return fee	三包及產品返修費用	1,313,510,092.17	583,263,008.31
Travel expenses	差旅費	296,756,097.87	260,950,360.50
Lease expenses	租賃費	254,342,720.12	231,836,260.55
Depreciation of fixed asset	固定資產折舊	289,395,778.41	203,242,742.85
Office expenses	辦公費用	116,039,805.10	109,856,365.65
Others	其他	738,706,680.45	774,469,488.36
		7,644,628,984.86	6,275,023,707.69

52. General and administrative expenses

52. 管理費用

		2016 2016年	2015 2015年
Staff costs	員工成本	3,750,318,591.79	3,210,893,021.85
Depreciation of fixed assets	固定資產折舊	723,039,998.91	992,041,326.26
External support fee	外部支持費	860,231,740.50	582,764,473.01
Experiment expenses and development expenses	試驗費及開發費用	603,705,105.04	443,390,143.57
Office expenses	辦公費	301,294,950.12	304,543,576.05
Fuels and materials	燃料及材料費	234,936,282.62	255,645,848.53
Taxes	稅金	97,194,985.48	231,086,471.44
Lease expenses	租賃費	144,963,283.67	137,171,018.07
Travel expenses	差旅費	121,575,898.64	115,513,027.69
Repair expenses	修理費	56,283,598.86	62,212,970.80
Transportation charges	運輸費	22,675,990.92	26,371,481.59
Vehicle usage fee	車輛使用費	22,666,768.89	18,755,818.75
Promotional expenses	宣傳推廣費	11,450,644.56	9,960,503.69
Heating expense	採暖費	4,363,692.69	9,485,674.75
Others	其他	696,978,044.02	831,421,577.57
		7,651,679,576.71	7,231,256,933.62

The audit fee in the amount of RMB12,600,000.00 in respect of these financial statements for the year is included in the above general and administrative expenses (2015: RMB12,600,000.00).

本年度財務報表審計費用人民幣12,600,000.00元已包括在上述管理費用中(2015年度:人民幣12,600,000.00元)。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

53. Finance expenses

53. 財務費用

		2016 2016年	2015 2015年
Interest expenses	利息支出	1,283,661,384.66	1,196,376,512.85
Less: interest income	減：利息收入	791,203,913.76	915,720,889.55
Exchange gains/ losses	匯兌損益	(169,021,029.72)	125,622,765.50
Handling fees and others	手續費及其他	(124,613,556.34)	75,864,695.26
		198,822,884.84	482,143,084.06

		2016 2016年	2015 2015年
Interest expenses:	利息支出：		
Interest on bank loans, overdrafts and other borrowings wholly repayable within 5 years	5年內須全部償還銀行貸款、透支及其他貸款的利息	872,647,321.70	836,069,841.93
Interest on finance leases	融資租賃的利息	378,539,161.67	351,780,170.00
Other interest	其他利息	32,474,901.29	8,526,500.92
		1,283,661,384.66	1,196,376,512.85

54. Impairment loss of assets

54. 資產減值損失

		2016 2016年	2015 2015年
Loss from bad debt	壞賬損失	203,391,237.88	173,257,719.64
Loss due to decline in value of inventories	存貨跌價損失	500,487,435.43	184,700,610.60
Impairment loss of available-for-sale assets	可供出售金融資產減值損失	5,135,800.00	-
Impairment loss of fixed assets	固定資產減值損失	4,555,003.96	9,637,369.07
Impairment loss of construction in progress	在建工程減值損失	24,000,000.00	-
Impairment loss of intangible assets	無形資產減值損失	246,840,894.30	28,284,112.00
Impairment loss of goodwill	商譽減值損失	-	334,767.56
		984,410,371.57	396,214,578.87

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 五、合併財務報表主要項目註釋(續)

55. Profit or loss on change of fair value

55. 公允價值變動損益

		2016 2016年	2015 2015年
Financial assets at fair value through profit or loss for the current period	以公允價值計量且其變動計入當期損益的金融資產	(132,244,826.16)	(15,593,770.00)
Incl: Derivative financial instruments	其中：衍生金融工具	-	-
Forward contract	遠期合約	(132,244,826.16)	(15,593,770.00)
Cross currency interest rate swap instruments (Note V. 65)	交叉貨幣利率互換工具 (附註五、65)	(23,076,012.83)	(7,759,303.10)
		(155,320,838.99)	(23,353,073.10)

56. Investment income

56. 投資收益

		2016 2016年	2015 2015年
Gain on long-term equity investments under the equity method	權益法核算的長期股權投資收益	87,250,957.31	32,180,889.65
Investment income during the period in which the available-for-sale financial assets were held	可供出售金融資產在持有期間取得的投資收益	22,859,118.45	71,297,634.00
Investment income arising from disposal of long-term equity investments	處置長期股權投資產生的投資收益	7,953,705.80	18,720,561.88
Others	其他	2,426,310.93	(7,244,466.79)
		120,490,092.49	114,954,618.74

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

57. Non-operating income

57. 營業外收入

		2016	2015	Extraordinary profit and loss recognised in the Year 2016 計入2016年度非經常性損益
		2016年	2015年	
Government grants	政府補助	207,041,138.37	228,139,061.56	207,041,138.37
Gain on disposal of non-current assets	非流動資產處置利得	29,761,449.98	66,967,177.83	29,761,449.98
Incl: Gain on disposal of fixed assets	其中：固定資產處置利得	28,893,746.35	31,680,856.56	28,893,746.35
Gain on disposal of intangible assets	無形資產處置利得	-	1,252,463.67	-
Gain on disposal of other non-current assets	其他非流動資產處置利得	867,703.63	34,033,857.60	867,703.63
Profit from debt restructuring	債務重組利得	12,733,578.95	11,564,206.75	12,733,578.95
Reversal of provision for other liabilities	其他負債撥備轉回	45,145,113.86	37,543,130.00	45,145,113.86
Others	其他	376,414,761.75	349,569,139.25	376,414,761.75
		671,096,042.91	693,782,715.39	671,096,042.91

Government grants charged to profit or loss for the current period are presented as follows:

計入當期損益的政府補助如下：

		2016	2015	Related to assets/income 與資產/與收益相關
		2016年	2015年	
Income of financial subsidies	財政補貼收入	102,643,777.99	182,339,291.59	Related to income 與收益相關
Government support fund	政府扶持金	260,900.00	1,218,006.00	Related to income 與收益相關
Value added tax subject to rebate	先徵後返增值稅	49,494,647.75	20,000,000.00	Related to income 與收益相關
Amortization of deferred income	遞延收益攤銷	33,420,363.44	22,879,839.87	Related to assets 與資產相關
Amortization of deferred income	遞延收益攤銷	19,112,832.00	-	Related to income 與收益相關
Others	其他	2,108,617.19	1,701,924.10	Related to income 與收益相關
		207,041,138.37	228,139,061.56	

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Non-operating income (Continued)

During the year, the government subsidy received by the Company and amortized via deferred income amounted in total to RMB207,041,138.37, including the following:

- (1) During the year, the Company and its subsidiaries received special funding in respect of development in national strategic and emerging industries from the Financial Office of Weifang Hi-tech Zone under Wei Gao Cai Zhi [2016] No. 205, received funding in respect of national foreign trade development funds from the Financial Office of Weifang Hi-tech Zone under Wei Gao Cai Zhi [2016] No. 432, received the incentive of relevant policies in respect of acceleration in development of emerging high-end industry and acceleration in implementation of innovative strategies for supporting corporate healthy development from the Financial Office of Weifang Hi-tech Zone under Wei Gao Cai Zhi [2016] No. 37, received the provincial foreign trade development funds from the Financial Office of Xi'an City under Xi An Shi Cai Han [2016] No. 350, received special funding from Xi'an Economic Technology Development Area Management Committee under Xi Jing Kai Fa[2016] No. 207 and 418 and other income including financial subsidies and refund of land use taxes, in a total amount of RMB105,013,295.18;
- (2) During the year, pursuant to Qi Shan Guo Shui Tong [2016] No. 01, Shaanxi Heavy-duty Motor Company Limited, a subsidiary of the Company, obtained the exemption from value-added tax applicable to special-purpose military vehicles from State Administration of Taxation of Qishan, in a total amount of RMB49,494,647.75;
- (3) During the year, the Company and its subsidiaries amortized, via deferred income, government grants including land refunds and special funds, in a total amount of RMB52,533,195.44.

五、合併財務報表主要項目註釋(續)

57. 營業外收入(續)

本年本公司收到及遞延收益攤銷政府補助共計人民幣207,041,138.37元。其中：

- (1) 本年本公司及子公司根據濰高財指[2016]205號取得濰坊高新區財政局撥付國家戰略性新興產業發展專項補助，根據濰高財指[2016]432號取得濰坊高新區財政局撥付中央外經貿發展專項資金補助，根據濰高財指[2016]37號取得濰坊高新區財政局撥付加快新興高端產業發展和加快實施創新驅動戰略支持企業健康發展相關政策獎勵資金，根據西安市財函[2016]350號取得西安市財政局撥付的省外經貿發展專項資金，根據西經開發[2016]207號、418號取得西安經濟技術開發區管理委員會撥付的專項補助款，以及其他各項財政補貼和土地使用稅返還款等撥款收入共計人民幣105,013,295.18元；
- (2) 本年本公司之子公司陝西重型汽車有限公司根據岐山國稅通[2016]01號取得岐山國稅局軍用特種車輛免徵增值稅共計人民幣49,494,647.75元；
- (3) 本年本公司及子公司遞延收益攤銷各項土地返還款以及專項資金等政府補助共計人民幣52,533,195.44元。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

58. Non-operating expenses

58. 營業外支出

		2016	2015	Extraordinary profit and loss recognised in the Year 2016 計入2016年度非經常性損益
		2016年	2015年	
Loss on disposal of non-current assets	非流動資產處置損失	37,485,076.20	26,439,247.59	37,485,076.20
Incl: Loss on disposal of fixed assets	其中：固定資產處置損失	22,534,908.72	16,935,639.42	22,534,908.72
Loss on disposal of other non-current assets	其他非流動資產處置損失	14,950,167.48	9,503,608.17	14,950,167.48
Loss from debt restructuring	債務重組損失	2,586,996.56	821,896.00	2,586,996.56
Loss on stock-taking of non-current assets	非流動資產盤虧損失	219,683.20	-	219,683.20
Donation expenditure	對外捐贈	5,564,653.57	2,094,000.00	251,653.57
Others	其他	105,900,426.03	161,145,788.31	111,213,426.03
		151,756,835.56	190,500,931.90	151,756,835.56

59. Expenses by nature

The supplemental information of the Group's cost of sales, distribution and selling expenses, general and administrative expenses which are categorized by nature is as follows:

59. 費用按性質分類

本集團營業成本、銷售費用、管理費用按照性質分類的補充資料如下：

		2016	2015
		2016年	2015年
Materials used	耗用的材料	59,078,033,385.07	44,796,438,654.15
Movement of inventories of finished goods and work in progress	產成品及在產品存貨變動	(4,065,796,947.90)	240,670,562.75
Staff remuneration	職工薪酬	16,303,904,929.03	14,265,106,241.59
Depreciation and amortization expenses	折舊費和攤銷費用	6,026,837,410.95	5,373,983,598.48
Rental	租金	1,290,020,436.25	1,212,665,418.77
Others	其他	8,763,292,406.80	4,681,202,951.77
		87,396,291,620.20	70,570,067,427.51

60. Income tax expenses

60. 所得稅費用

		2016	2015
		2016年	2015年
Current tax expenses	當期所得稅費用	1,467,719,825.72	1,192,969,219.02
Deferred tax expenses	遞延所得稅費用	(426,326,705.55)	(265,181,687.93)
		1,041,393,120.17	927,787,531.09

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

60. Income tax expenses (continued)

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

五、合併財務報表主要項目註釋(續)

60. 所得稅費用(續)

所得稅費用與利潤總額的關係列示如下：

		2016 2016年	2015 2015年
Total profit	利潤總額	4,637,646,771.44	3,125,901,605.48
Tax at statutory tax rate	按法定稅率計算的稅項	1,159,411,692.86	781,475,401.37
Effect of different tax rates applicable to parent company and some subsidiaries	母公司及某些子公司適用不同稅率的影響	(269,340,327.32)	(169,653,745.28)
Effect of tax rate adjustment on opening deferred tax	稅率調整對年初遞延稅項之影響	(8,406,876.21)	84,538,819.26
Adjustments to current tax of previous periods	對以前期間當期所得稅的調整	2,890,836.39	180,353,655.69
Profit and loss attributable to associates and jointly-controlled enterprises	歸屬於聯營及合營公司的損益	(7,541,386.53)	(13,253,600.52)
Non-taxable income	無須納稅的收入	(127,809,991.84)	(50,448,361.09)
Expenses not deductible for tax	不可抵扣的費用	111,377,381.60	93,742,592.37
Tax incentives on eligible expenditures	由符合條件的支出而產生的稅收優惠	(118,835,074.26)	(64,566,747.46)
Utilization of deductible losses from prior years	利用以前年度的可抵扣虧損	(20,719,117.47)	(229,768,923.13)
Unrecognized deductible losses	未確認的可抵扣虧損	300,884,554.36	229,920,171.70
Effect of unrecognized deductible temporary difference	未確認的可抵扣暫時性差異的影響	27,797,496.54	62,367,297.38
Others	其他	(8,316,067.95)	23,080,970.80
Tax expense at the Group's effective tax rate	按本集團實際稅率計算的所得稅費用	1,041,393,120.17	927,787,531.09

Note 1: The Company is subject to a statutory tax rate of 25%.

註1：本公司法定稅率為25%。

Note 2: The PRC 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.

註2：本集團在中國境內所得稅按取得的估計應納稅所得額及適用稅率計提。源於其他地區應納稅所得的稅項根據本集團經營所在國家的現行法律、解釋公告和慣例，按照適用稅率計算。

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

由於本集團於年內在香港並無應稅利潤，故未作出香港利得稅的撥備。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

61. Earnings per share (EPS)

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

The calculation of basic EPS is detailed as follows:

		2016 2016年	2015 2015年
Earnings	收益		
Net profit of the current period attributable to ordinary shareholders of the Company	歸屬於本公司普通股股東的當年淨利潤	2,441,188,631.73	1,412,273,295.73
Shares	股份		
Weighted average number of the ordinary shares outstanding of the Company	本公司發行在外普通股的加權平均數	3,998,619,278.00	3,998,619,278.00
EPS (RMB/share)	每股收益(元/股)	0.61	0.35

The Company holds no material potential shares that are dilutive.

本集團無重大稀釋性潛在股。

62. Notes to items in cash flow statement

Other cash received relating to operating activities

62. 現金流量表項目註釋

收到的其他與經營活動有關的現金

		2016 2016年	2015 2015年
Government grants	政府補助	192,732,103.93	205,133,521.69
Interest income	利息收入	805,761,508.70	996,060,508.72
Others	其他	337,060,916.84	264,153,691.18
		1,335,554,529.47	1,465,347,721.59

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

62. Notes to items in cash flow statement (Continued)

Other cash paid relating to operating activities

		2016 2016年	2015 2015年
Marketing and external support fee	市場開拓費及外部支持費	1,732,140,000.50	1,349,761,431.02
After-sales and product return fee	三包及產品返修	803,345,411.60	455,400,764.65
Freight and packaging	運費及包裝	1,050,257,202.43	782,701,285.34
Office expenses	辦公費	417,334,755.22	414,399,941.70
Travel expenses	差旅費	418,331,996.51	376,463,388.19
Cash settlement of confirmation business	保兌倉業務現金平倉	1,528,197,389.70	2,829,023,037.08
Payments for early performance of some contracts in acquisition of Dematic	收購德馬泰克部分合同 提前履約支出	461,827,027.60	-
Others	其他	2,511,023,697.46	1,487,972,958.88
		8,922,457,481.02	7,695,722,806.86

Other cash received relating to investing activities

收到其他與投資活動有關的現金

		2016 2016年	2015 2015年
Land-related and asset-related government grants	與土地和資產相關的政府補助	142,461,742.00	64,828,590.00
Others	其他	72,634,378.80	-
		215,096,120.80	64,828,590.00

Other cash paid relating to investing activities

支付其他與投資活動有關的現金

		2016 2016年	2015 2015年
Loans	拆借款	-	26,165,200.27
Others	其他	6,986,068.29	24,568,002.00
		6,986,068.29	50,733,202.27

Other cash received relating to financing activities

收到其他與籌資活動有關的現金

		2016 2016年	2015 2015年
Bill financing	票據融資	58,758,147.20	20,000,000.00
Others	其他	2,145,536.35	142,208,242.00
		60,903,683.55	162,208,242.00

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

62. Notes to items in cash flow statement (Continued)

62. 現金流量表項目註釋(續)

Other cash paid relating to financing activities

支付其他與籌資活動有關的現金

		2016 2016年	2015 2015年
Acquisition of minority interests in subsidiaries	購買子公司少數股權	1,312,757,958.12	1,339,738,975.36
Business combinations involving entities under common control	同一控制下企業合併	252,860,238.60	-
Handling fee for guarantee for borrowings	借款擔保及保函手續費	200,692,162.40	70,164,348.64
Repurchase of shares by subsidiaries	子公司回購股份	20,328,092.80	-
Others	其他	45,321,870.26	74,988,711.23
		1,831,960,322.18	1,484,892,035.23

63. Supplement to cash flow statement

63. 現金流量表補充資料

(1) Supplement to cash flow statement

(1) 現金流量表補充資料

		2016 2016年	2015 2015年
Net profit	淨利潤	3,596,253,651.27	2,198,114,074.39
Add: Loss in impairment of assets	加：資產減值損失	984,410,371.57	396,214,578.87
Increase in special reserve	專項儲備的增加	19,871,883.05	28,040,833.15
Depreciation of fixed assets and investment properties	固定資產及投資性房地產的折舊	4,532,261,154.52	4,171,942,868.34
Amortization of intangible assets	無形資產攤銷	1,407,364,132.63	1,120,598,931.80
Amortization of long-term prepaid expenses	長期待攤費用攤銷	87,212,123.80	81,441,798.34
Loss/(Gain) from disposal and retirement of fixed assets, intangible assets and other long-term assets	處置和報廢固定資產、無形資產和其他長期資產的損失/(收益)	7,723,626.22	(40,527,930.24)
Loss from change of fair value	公允價值變動損失	155,320,838.99	23,353,073.10
Finance expenses	財務費用	463,285,652.15	1,218,043,062.59
Investment income	投資收益	(120,490,092.49)	(114,954,618.74)
(Increase)/Decrease in deferred tax assets	遞延所得稅資產的(增加)/減少	(189,403,257.49)	341,701,940.05
Decrease in deferred tax liabilities	遞延所得稅負債的減少	(200,560,210.86)	(505,264,102.83)
(Increase)/Decrease in inventories	存貨的(增加)/減少	(3,344,030,478.74)	589,054,183.84
(Increase)/Decrease in operating receivables	經營性應收項目的(增加)/減少	(11,326,330,715.83)	5,555,869,118.72
Increase/(Decrease) in operating payables	經營性應付項目的增加/(減少)	11,990,840,248.12	(7,962,970,276.00)
Others	其他	186,704,544.12	(262,143,473.93)
Net cash flow from operating activities	經營活動產生的現金流量淨額	8,250,433,471.03	6,838,514,061.45

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

63. Supplement to cash flow statement (Continued)

63. 現金流量表補充資料(續)

(1) Supplement to cash flow statement (Continued)

(1) 現金流量表補充資料(續)

Non-cash payment of material investing activities:

不涉及現金的重大投資活動：

		2016 2016年	2015 2015年
Acquisition of long-term assets from the endorsement of bank acceptance bills received from the sale of goods and provision of services	銷售商品、提供勞務收到的銀行承兌匯票背書轉讓 購買長期資產	2,209,120,636.38	2,718,425,000.44
		2016 2016年	2015 2015年
Net change in cash and cash equivalents:	現金及現金等價物淨變動：		
The closing balance of cash	現金的年末餘額	21,598,831,905.22	21,154,657,664.43
Less: The opening balance of cash	減：現金的年初餘額	21,154,657,664.43	20,550,983,892.89
Less: The opening balance of cash equivalents	減：現金等價物的年初餘額	-	20,000,000.00
Net increase in cash and cash equivalents	現金及現金等價物淨增加額	444,174,240.79	583,673,771.54

(2) Information related to disposal of major subsidiaries and other business units

(2) 處置主要子公司及其他營業單位信息

Information relating to disposal of major subsidiaries and other business units

處置主要子公司及其他營業單位信息

		2016 2016年	2015 2015年
Consideration for disposal of subsidiaries and other business units	處置子公司及其他營業單位的價格	37,959,549.54	49,973,700.00
Cash and cash equivalents received for disposal of subsidiaries and other business units	處置子公司及其他營業單位收到的現金和現金等價物	37,959,549.54	49,973,700.00
Less: Amount of cash and cash equivalents in subsidiaries and other business units disposal	減：處置子公司及其他營業單位持有的現金和現金等價物	37,959,549.54	2,579,740.69
Net cash received for disposal of subsidiaries and other business units	處置子公司及其他營業單位收到的現金淨額	-	47,393,959.31

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

63. Supplement to cash flow statement (Continued)

63. 現金流量表補充資料(續)

(3) Information related to acquisition of major subsidiaries and other business units

(3) 取得主要子公司及其他營業單位信息

Information relating to acquisition of major subsidiaries and other business units

取得主要子公司及其他營業單位信息

		2016 2016年	2015 2015年
Consideration for acquisition of subsidiaries and other business units	取得子公司及其他營業單位的價格	16,100,278,545.70	485,759,321.10
Cash and cash equivalents paid for acquisition of subsidiaries and other business units	取得子公司及其他營業單位支付的現金和現金等價物	16,100,278,545.70	485,759,321.10
Less: Amount of cash and cash equivalents in subsidiaries and other business units acquired	減：取得子公司及其他營業單位持有的現金和現金等價物	585,608,641.70	9,173,423.10
Net cash paid for acquisition of subsidiaries and other business units	取得子公司及其他營業單位支付的現金淨額	15,514,669,904.00	476,585,898.00

(4) Cash and cash equivalents

(4) 現金及現金等價物

		2016 2016年	2015 2015年
Cash	現金	21,598,831,905.22	21,154,657,664.43
Incl: Cash at bank	其中：庫存現金	6,416,580.43	4,974,113.23
Bank deposits on demand	可隨時用於支付的 銀行存款	21,589,174,946.34	20,433,475,510.07
Other cash equivalents on demand	可隨時用於支付的 其他貨幣資金	3,240,378.45	716,208,041.13
Other cash equivalents	其他現金等價物	-	-
Cash and cash equivalents at end of year	年末現金及現金等價物餘額	21,598,831,905.22	21,154,657,664.43

		2016 2016年	2015 2015年
Cash and cash equivalents at end of year	年末貨幣資金餘額	27,122,981,855.33	24,856,509,077.48
Cash equivalents at the end of year	年末現金等價物餘額	-	-
Less: Balance of restricted cash and cash equivalents	減：使用受到限制的貨幣 資金餘額	5,524,149,950.11	3,701,851,413.05
Closing balance of cash and cash equivalents at end of year	年末現金及現金等價物餘額	21,598,831,905.22	21,154,657,664.43

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

64. Foreign currency monetary items

64. 外幣貨幣性項目

		2016 2016年			2015 2015年		
		Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣	Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣
Cash and cash equivalents	貨幣資金						
- USD	- 美元	42,455,585.61	6.9370	294,514,397.38	42,926,593.63	6.4936	278,748,128.40
- JPY	- 日元	2,403,363.00	0.0596	143,240.43	859,486.00	0.0539	46,326.30
- HKD	- 港幣	2,742,923.81	0.8945	2,453,545.35	2,417,187.44	0.8378	2,025,119.64
- EUR	- 歐元	1,740,617.64	7.3068	12,718,344.97	301,566.73	7.0952	2,139,676.26
- Indian Rupee	- 印度盧比	142,995,615.00	0.1016	14,528,354.48	73,705,000.00	0.0977	7,200,978.50
- GBP	- 英鎊	2,554,054.59	8.5094	21,733,472.13	1,468,043.07	9.6159	14,116,555.36
- THB	- 泰銖	100,365,249.14	0.1939	19,460,821.81	4,484,219.79	0.1802	808,056.41
- UAE Dirhams	- 阿聯酋 迪拉姆	579,494.71	1.8890	1,094,665.51	227,866.75	1.7677	402,800.05

		2016 2016年			2015 2015年		
		Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣	Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣
Accounts receivables	應收賬款						
- USD	- 美元	122,793,052.36	6.9370	851,815,404.22	98,587,808.04	6.4936	640,189,790.29
- EUR	- 歐元	110,398.11	7.3068	806,656.91	131,834.61	7.0952	935,392.92
- GBP	- 英鎊	49,112.00	8.5094	417,913.65	48,326.90	9.6159	464,706.64
- HKD	- 港幣	11,389.00	0.8945	10,187.46	8,978.16	0.8378	7,521.90
- SGD	- 新加坡元	-	-	-	-	-	-

		2016 2016年			2015 2015年		
		Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣	Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣
Other receivables	其他應收款						
- USD	- 美元	30,464.07	6.9370	211,329.25	1,823,162.60	6.4936	11,838,888.66
- GBP	- 英鎊	-	-	-	3,145.44	9.6159	30,246.24
- SGD	- 新加坡元	-	-	-	-	-	-

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

64. Foreign currency monetary items (Continued)

64. 外幣貨幣性項目(續)

		2016			2015		
		Original currency	Exchange rate	RMB equivalent	Original currency	Exchange rate	RMB equivalent
		原幣	匯率	折合人民幣	原幣	匯率	折合人民幣
Accounts payable	應付帳款						
- USD	- 美元	370,166.10	6.9370	2,567,842.24	1,943,582.37	6.4936	12,620,846.48
- HKD	- 港幣	2,619.00	0.8945	2,342.70	1,691.29	0.8378	1,416.96
- GBP	- 英鎊	30,468.00	8.5094	259,264.40	31,786.99	9.6159	305,660.52
- EUR	- 歐元	9,208.12	7.3068	67,281.89	9,208.12	7.0952	65,333.45

		2016			2015		
		Original currency	Exchange rate	RMB equivalent	Original currency	Exchange rate	RMB equivalent
		原幣	匯率	折合人民幣	原幣	匯率	折合人民幣
Other payables	其他應付款						
- USD	- 美元	29,193,412.06	6.9370	202,514,699.46	8,150,443.05	6.4936	52,925,716.99
- SGD	- 新加坡元	-	-	-	-	-	-
- EUR	- 歐元	-	-	-	-	-	-
- HKD	- 港幣	-	-	-	131,216,660.64	0.8378	109,933,318.28

		2016			2015		
		Original currency	Exchange rate	RMB equivalent	Original currency	Exchange rate	RMB equivalent
		原幣	匯率	折合人民幣	原幣	匯率	折合人民幣
Short-term borrowings	短期借款						
- USD	- 美元	361,784.80	6.9370	2,509,701.16	3,640,371.05	6.4936	23,639,113.45
- EUR	- 歐元	-	-	-	-	-	-
- GBP	- 英鎊	81,937.92	8.5094	697,242.54	809,775.00	9.6159	7,786,715.42
- Turkish Lira	- 土耳其里拉	74,421,954.75	1.9702	146,626,135.25	-	-	-
- Brazilian Real	- 巴西里亞爾	73,290,600.00	2.1310	156,526,734.42	-	-	-

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

64. Foreign currency monetary items (Continued)

64、外幣貨幣性項目(續)

		2016 2016年			2015 2015年		
		Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣	Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣
Long-term borrowings	長期借款						
- EUR	- 歐元	-	-	-	-	-	-
- Brazilian Real	- 巴西里亞爾	25,081,672.00	2.1357	53,566,926.89	-	-	-
		Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣	Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣
Interest payable	應付利息						
- EUR	- 歐元	-	-	-	-	-	-
- HKD	- 港幣	-	-	-	37,062,522.42	0.8378	31,050,981.28
		Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣	Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣
Bond payable	應付債券						
- USD	- 美元	397,318,955.89	6.9370	2,756,201,597.01	396,668,032.89	6.4936	2,575,803,538.37

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

65. Hedges

Cash flow hedging

On 1 July 2016, our subsidiary, Weichai International Hong Kong Energy Group Co., Limited ("Hong Kong Energy") treated the cross currency swaps as hedging instrument, of which cash flow hedges were conducted to the bonds in foreign currencies amounting to USD400 million against the cash flow fluctuation incurred by change in exchange rates. The total cash flow of the hedged items amounted to RMB2,977,700,235.22 (EUR407,525,000), of which the amount due within 1 year was RMB113,569,207.34 (EUR15,543,000), the amount due within 1-3 years was RMB219,399,836.43 (EUR30,027,000), and the remaining portion will become due in 2020. The hedged items would affect the profit and loss for the period of 2017 to 2020. In 2016, the revenue of the hedging instrument from changes in fair value recognized as other comprehensive income was RMB86,049,335.54 (EUR11,777,000), the amount recognized in statement of profit or loss in current period was RMB146,265,095.85 (EUR20,019,000). There was no material invalid hedge for the current year.

Our subsidiary, KION GROUP AG has conducted cash flow hedging on forward currency contracts designated to the exchange rate risk of forecast sale, forecast purchase and firm commitment. The total cash flow of the hedged item amounted to RMB2,647,984,320.00 (EUR362,400,000) and will be due within 1 year. The hedged items would affect the profit and loss for the year 2017. In 2016, the revenue of the hedging instrument from changes in fair value recognized as other comprehensive income was RMB67,485,604.80 (EUR9,236,000), the amount recognized in statement of profit or loss in current period was RMB99,211,730.40 (EUR13,578,000). There was no material invalid hedge for the current year.

五、合併財務報表主要項目註釋(續)

65、套期

現金流量套期

2016年7月1日，子公司濰柴國際香港能源集團有限公司(「香港能源」)將交叉貨幣互換合同作為套期工具，指定對4億美元的外幣債券由於匯率變動引起的現金流量波動進行現金流量套期。被套期項目的現金流量總額為人民幣2,977,700,235.22元(歐元407,525,000)，其中1年內到期的金額為人民幣113,569,207.34元(歐元15,543,000)，1至3年內到期的為人民幣219,399,836.43元(歐元30,027,000)，剩餘部分將於2020年到期。被套期項目預期影響損益的期間為2017年至2020年。2016年該套期工具計入其他綜合收益的公允價值變動收益為人民幣86,049,335.54元(歐元11,777,000)，當期轉入損益表的金額為人民幣146,265,095.85元(歐元20,019,000)。本年無重大無效套期。

子公司KION GROUP AG將遠期外匯合同指定對預期銷售、預期採購以及確定承諾的外匯風險進行現金流量套期。被套期項目現金流量總額為人民幣2,647,984,320.00元(歐元362,400,000)，都將於1年內到期。被套期項目預期影響損益的期間為2017年。2016年該套期工具計入其他綜合收益的公允價值變動收益為人民幣67,485,604.80元(歐元9,236,000)，當期轉入損益表的金額為人民幣99,211,730.40元(歐元13,578,000)。本年無重大無效套期。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

65. Hedges (Continued)

Cash flow hedging (Continued)

Our subsidiary, KION GROUP AG has conducted cash flow hedging on forward currency contracts designated to the exchange rate risk of consideration of acquiring Dematic Group, the subsidiary. The total cash flow of the hedged item amounted to RMB16,089,790,800.00 (EUR2,166,100,000). The cash flow of that hedged item was matured and has been paid already. The hedged items would affect the profit and loss for the year 2016. In 2016, the revenue of the hedging instrument from changes in fair value recognized as other comprehensive income was RMB75,990,720.00 (EUR10,400,000), the amount recognized in statement of profit or loss in current period was RMB75,990,720.00 (EUR10,400,000).

Hedge of net investment in foreign operation

To prevent the exchange rate risks arising from foreign currency translation of certain offshore subsidiaries, our subsidiary KION GROUP AG has conducted hedge of net investment in foreign operation on the current price of forward currency contracts designated to such offshore subsidiaries. In 2016, the revenue of hedge of net investment in foreign operation recognized as other comprehensive income was RMB16,074,960.00 (EUR2,200,000), and there was no material invalid hedge.

五、合併財務報表主要項目註釋(續)

65、套期(續)

現金流量套期(續)

子公司KION GROUP AG將遠期外匯合同指定對收購子公司Dematic Group的收購對價的外匯風險進行現金流量套期。被套期項目現金流量總額為人民幣16,089,790,800.00元(歐元2,166,100,000)，該被套期項目現金流已經到期並支付。被套期項目預期影響損益的期間為2016年。2016年該套期工具計入其他綜合收益的公允價值變動收益為人民幣75,990,720.00元(歐元10,400,000)，當期轉入損益表的金額為人民幣75,990,720.00元(歐元10,400,000)。

境外經營淨投資套期

子公司KION GROUP AG為規避其某些境外子公司外幣報表折算的匯率風險，將遠期外匯合約中的即期價格指定對該等境外子公司進行境外經營淨投資套期。2016年，該境外經營淨投資套期計入其他綜合收益的金額為人民幣16,074,960.00元(歐元2,200,000)，且無重大無效套期。

VI. THE CHANGE IN SCOPE OF CONSOLIDATION

1. Business combinations not involving entities under common control

The major business combinations not involving entities under common control for the year are as follows:

On 8 February 2016, KION GROUP AG, a subsidiary of the Company, entered into an agreement to acquire the US-based Retrotech Inc.. Retrotech Inc. is a company which focuses on the integrated system of integrated automation of warehouses and distribution solutions. On 1 March 2016, KION GROUP AG completed the acquisition of 100% interest in Retrotech Inc. at a consideration of approximately EUR 25 million. The acquisition date was determined as 1 March 2016.

The fair value and carrying amount of Retrotech Inc.'s identifiable assets and liabilities at the acquisition date are as follows:

六、合併範圍的變動

1. 非同一控制下企業合併

本年度重要非同一控制下企業合併有：

2016年2月8日，本公司之子公司KION GROUP AG簽訂協議收購美國Retrotech Inc.。Retrotech Inc.系一家集成自動化倉庫與配送方案綜合系統的公司。於2016年3月1日，KION GROUP AG完成對Retrotech Inc. 100%的股權收購，收購對價約為歐元2500萬。購買日確定為2016年3月1日。

Retrotech Inc.的可辨認資產和負債於購買日的公允價值和賬面價值如下：

		Fair value on 1 March 2016 2016年3月1日 公允價值	Carrying amount on 1 March 2016 2016年3月1日 賬面價值
Cash and cash equivalents	貨幣資金	12,440,561.70	12,440,561.70
Accounts receivable	應收賬款	62,751,133.20	64,417,470.60
Intangible assets	無形資產	109,864,330.80	1,381,493.40
Other assets	其他資產	21,106,940.40	20,288,013.90
Accounts payable	應付賬款	(53,422,492.20)	(53,422,492.20)
Financial liabilities	金融負債	(68,369,681.10)	(68,369,681.10)
Other financial liabilities	其他金融負債	(35,498,683.50)	(34,416,276.30)
Other liabilities	其他負債	(44,072,487.90)	(6,102,782.70)
		4,799,621.40	(63,783,692.70)
Minority interests	少數股東權益	-	-
Share of net assets	享有淨資產	4,799,621.40	(63,783,692.70)
Goodwill arising from acquisition	購買產生的商譽	173,000,003.40	
Consideration paid for combination	合併對價	177,799,624.80	

VI. THE CHANGE IN SCOPE OF CONSOLIDATION (CONTINUED)

1. Business combinations not involving entities under common control (Continued)

Retrotech Inc.'s results of operations and cash flows from the acquisition date to the end of this year are as follows:

		Period from the acquisition date to 31 December 購買日 至12月31日期間
Revenue	營業收入	128,149,000.00
Net loss	淨虧損	(35,881,720.00)
Net cash flows	現金流量淨額	(8,692,163.60)

On 21 June 2016, KION GROUP AG, a subsidiary of the Company, entered into an agreement to acquire the US-based DH Services Luxembourg Holding S.à r.l., Luxembourg. DH Services Luxembourg Holding S.à r.l., Luxembourg is the parent of Dematic Group. Dematic Group is a global leading supplier which optimizes the supply chain and satisfies customers' demand for materials handling by highly-consolidated automation technology, software and services. On 1 November 2016, KION GROUP AG completed the acquisition of 100% interest in Dematic Group at a consideration of approximately EUR 2.1 billion. The acquisition date was determined as 1 November 2016.

六、合併範圍的變動(續)

1. 非同一控制下企業合併(續)

Retrotech Inc.自購買日起至本年末的經營成果和現金流量列示如下：

2016年6月21日，本公司之子公司KION GROUP AG簽訂協議收購美國DH Services Luxembourg Holding S.à r.l., Luxembourg., DH Services Luxembourg Holding S.à r.l., Luxembourg.系Dematic Group的母公司。Dematic Group系一家通過高度整合自動技術、軟件和服務來優化供應鏈並滿足客戶物料搬運需求的全球領先供應商。於2016年11月1日，KION GROUP AG完成對Dematic Group100%的股權收購，收購對價約為歐元21億。購買日確定為2016年11月1日。

VI. THE CHANGE IN SCOPE OF CONSOLIDATION (CONTINUED)

1. Business combinations not involving entities under common control (continued)

The provisional fair value and carrying amount of Dematic Group's identifiable assets and liabilities at the acquisition date are as follows:

		Provisional fair value on 1 November 2016 2016年11月1日 暫定公允價值	Carrying amount on 1 November 2016 2016年11月1日 賬面價值
Cash and cash equivalents	貨幣資金	554,128,800.00	554,128,800.00
Accounts receivable	應收賬款	1,184,766,000.00	1,184,766,000.00
Intangible assets	無形資產	12,374,305,200.00	353,572,800.00
Other assets	其他資產	3,971,008,800.00	3,705,829,200.00
Accounts payable	應付賬款	(1,636,388,400.00)	(1,636,388,400.00)
Other financial liabilities	其他金融負債	(6,320,485,200.00)	(6,320,485,200.00)
Deferred tax liabilities	遞延所得稅負債	(4,565,248,800.00)	(98,049,600.00)
Other non-financial liabilities	其他非金融負債	(3,776,395,200.00)	(3,776,395,200.00)
		1,785,691,200.00	(6,033,021,600.00)
Minority interests	少數股東權益	-	-
Share of net assets	享有淨資產	1,785,691,200.00	
Goodwill arising from acquisition	購買產生的商譽	14,304,099,600.00	
Consideration paid for combination	合併對價	16,089,790,800.00 ^{Note 註}	

Note: As the assessment is not completed yet, the fair values of all the identifiable assets, liabilities and contingent liabilities are determined on a provisional basis. Pursuant to the "Accounting Standard for Business Enterprises No. 20 – Business Combination" (《企業會計準則第20號 – 企業合併》), recognition and measurement of the business combination have been based on provisional values. Adjustments will be made to the provisional values of the identifiable assets, liabilities and contingent liabilities within twelve months from 1 November 2016.

六、合併範圍的變動(續)

1. 非同一控制下企業合併(續)

Dematic Group的可辨認資產和負債於購買日的暫定公允價值和賬面價值如下：

	Provisional fair value on 1 November 2016 2016年11月1日 暫定公允價值	Carrying amount on 1 November 2016 2016年11月1日 賬面價值
Cash and cash equivalents	554,128,800.00	554,128,800.00
Accounts receivable	1,184,766,000.00	1,184,766,000.00
Intangible assets	12,374,305,200.00	353,572,800.00
Other assets	3,971,008,800.00	3,705,829,200.00
Accounts payable	(1,636,388,400.00)	(1,636,388,400.00)
Other financial liabilities	(6,320,485,200.00)	(6,320,485,200.00)
Deferred tax liabilities	(4,565,248,800.00)	(98,049,600.00)
Other non-financial liabilities	(3,776,395,200.00)	(3,776,395,200.00)
	1,785,691,200.00	(6,033,021,600.00)
Minority interests	-	-
Share of net assets	1,785,691,200.00	
Goodwill arising from acquisition	14,304,099,600.00	
Consideration paid for combination	16,089,790,800.00 ^{Note 註}	

註：由於評估工作尚未完成，合併中取得的各項可辨認資產、負債及或有負債的公允價值只能暫時確定，根據《企業會計準則第20號 – 企業合併》，本集團以所確定的暫時價值為基礎對該企業合併進行了確認和計量，將自2016年11月1日算起12個月內對可辨認資產、負債及或有負債的暫時性價值進行調整。

VI. THE CHANGE IN SCOPE OF CONSOLIDATION (CONTINUED)

1. Business combinations not involving entities under common control (continued)

Dematic Group's results of operations and cash flows from the acquisition date to the end of this year are as follows:

		Period from the acquisition date to 31 December
		購買日 至12月31日期間
Revenue	營業收入	1,900,266,600.00
Net loss	淨虧損	(194,054,200.00)
Net cash flows	現金流量淨額	27,833,962.80

2. Business combinations involving entities under common control

On 26 September 2016, the Company entered into agreement with Weichai Group Holdings Limited to acquire 100% equity interest of Weichai (Weifang) Medium-duty Diesel Engine Co., Ltd. at a cash consideration of RMB252.86 million. Weichai (Weifang) Medium-duty Diesel Engine Co., Ltd. is a subsidiary of Weichai Group Holdings Limited, which is the controlling shareholder of the Company. As both parties were under control of Weichai Group Holdings Limited before and after the combination and such control was not a provisional one, hence this combination was the business combination involving entities under common control. The consideration of this transaction amounting to RMB252.86 million was paid on 18 October 2016, and right of control was transferred to the Company. Hence from 1 November 2016 onwards, the Company included Weichai (Weifang) Medium-duty Diesel Engine Co., Ltd. into the scope of consolidated statements, and this has been accounted for as if it had been consolidated as at the beginning of the period in accordance with the requirements regarding the business combinations involving entities under common control in the "Accounting Standard for Business Enterprises No. 20 – Business Combination".

六、合併範圍的變動(續)

1. 非同一控制下企業合併(續)

Dematic Group自購買日起至本年末的經營成果和現金流量列示如下：

2. 同一控制下企業合併

2016年9月26日，本公司與濰柴控股集團有限公司簽訂協議以現金人民幣25,286萬元收購濰柴(濰坊)中型柴油機有限公司100%股權，濰柴(濰坊)中型柴油機有限公司系本公司的控股股東濰柴控股集團有限公司的子公司，由於合併前後合併雙方均受濰柴控股集團有限公司控制且該控制並非暫時性，故本合併屬同一控制下的企業合併。本次交易對價人民幣25,286萬元於2016年10月18日支付，並將控制權轉移至本公司，因此本公司自2016年11月1日起將濰柴(濰坊)中型柴油機有限公司納入合併報表範圍，並根據《企業會計準則第20號—企業合併》中關於同一控制下企業合併的要求視為期初已納入合併範圍進行了處理。

		From 1 January to 31 October 2016	2015
		2016年1月1日至 10月31日期間	2015年度
Revenue	營業收入	1,189,713,986.51	1,077,657,759.60
Net profit	淨利潤	39,349,153.82	35,266,773.68
Net cash flows	現金流量淨額	(118,373,292.12)	64,025,884.47

VI. THE CHANGE IN SCOPE OF CONSOLIDATION (CONTINUED)

2. Business combinations involving entities under common control (continued)

The carrying amount of Weichai (Weifang) Medium-duty Diesel Engine Co., Ltd.'s assets and liabilities at the combination date and the balance sheet date of the previous accounting period are as follows:

		31 October 2016 2016年10月31日	31 December 2015 2015年12月31日
Cash and cash equivalents	貨幣資金	84,459,464.32	255,163,117.96
Notes receivable	應收票據	469,820,752.67	348,251,859.21
Accounts receivable	應收賬款	261,250,826.39	43,321,322.29
Prepayments	預付款項	290,891.97	10,744,280.98
Other receivables	其他應收款	204,201,302.93	165,238,453.08
Inventories	存貨	128,906,651.16	68,731,360.54
Fixed assets	固定資產	65,595,572.84	71,254,987.51
Construction in progress	在建工程	4,978,013.89	254,684.54
Intangible assets	無形資產	2,712,500.00	6,587,500.00
Deferred tax assets	遞延所得稅資產	14,212,843.98	14,212,843.98
Notes payable	應付票據	(242,338,238.00)	(236,238,057.81)
Accounts payable	應付帳款	(596,984,278.35)	(443,673,675.87)
Advances from customers	預收款項	(11,693,969.02)	(3,507,885.77)
Payroll payable	應付職工薪酬	(13,216,028.97)	(17,716,766.78)
Taxes payable	應交稅費	(3,962,159.22)	(9,311,653.38)
Other payables	其他應付款	(123,392,071.16)	(62,983,176.46)
Long-term payroll payable	長期應付職工薪酬	(129,600.00)	-
Total	合計	244,712,475.43	210,329,194.02
Minority interests	少數股東權益	-	-
		244,712,475.43	210,329,194.02
Combination difference (through equity interest)	合併差額(計入權益)	8,147,763.17	
Combination consideration	合併對價	252,860,238.60	

3. Disposal of subsidiary

	Place of registration 註冊地	Business nature 業務性質	Total percentage of shareholdings held by the Group 本集團合計持股比例	Total percentage of voting rights held by the Group 本集團合計享有的表決權比例	Reason for de-consolidation 不再成為子公司原因
Chongqing Shaan Qi Jia Chuan Motor Co., Ltd. (重慶陝汽嘉川汽車有限公司)	Chongqing 重慶	Sales of automobiles 汽車銷售	100%	100%	Note 註

Note: On 19 May 2016, Chongqing Shaan Qi Jia Chuan Motor Co., Ltd. (重慶陝汽嘉川汽車有限公司), a subsidiary of the Group, was approved to complete deregistration by Chongqing Bureau of Administration for Industry and Commerce, Jiangjin Branch and the deregistration date was 19 May 2016. The net assets on book of Chongqing Shaan Qi Jia Chuan Motor Co., Ltd. (重慶陝汽嘉川汽車有限公司) as at the deregistration date amounted to RMB37,959,549.54.

註：本集團之子公司重慶陝汽嘉川汽車有限公司於2016年5月19日經重慶市工商行政管理局江津區分局核准完成註銷，註銷日為2016年5月19日。重慶陝汽嘉川汽車有限公司於註銷日的賬面淨資產為人民幣37,959,549.54元。

六、合併範圍的變動(續)

2. 同一控制下企業合併(續)

濰柴(濰坊)中型柴油機有限公司在合併日及上一會計期間資產負債表日資產及負債的賬面價值如下：

VII. INTEREST IN OTHER ENTITIES

1. Interest in subsidiaries

Particulars of the principal subsidiaries of the Company are presented as follows:

七、在其他主體中的權益

1. 在子公司中的權益

本公司重要子公司的情况如下：

	Place of key operation 主要經營地	Place of registration 註冊地	Nature of business 業務性質	Registered capital 註冊資本	Percentage of shareholding (%) 持股比例(%)	
					Direct 直接	Indirect 間接
Subsidiaries acquired through establishment or investment 通過設立或投資等方式取得的子公司						
(1) Weichai Power (Weifang) Casting Co., Ltd. 濰柴動力(濰坊)鑄鍛有限公司	Shandong 山東	Shandong 山東	Manufacturing industry 製造業	460,150,000.00	100.00	-
(2) Weichai Power (Shanghai) Technology Development Co., Ltd. 濰柴動力(上海)科技發展有限公司	Shanghai 上海	Shanghai 上海	Manufacturing industry 製造業	490,000,000.00	100.00	-
(3) Weichai Power Yangzhou Diesel Engine Co., Ltd. 濰柴動力揚州柴油機有限責任公司	Jiangsu 江蘇	Jiangsu 江蘇	Manufacturing industry 製造業	400,000,000.00	-	85.00
(4) Weichai Power (Chongqing) Western Development Co., Ltd. 濰柴動力(重慶)西部發展有限公司	Chongqing 重慶	Chongqing 重慶	Manufacturing industry 製造業	240,000,000.00	100.00	-
(5) Weichai Power (Beijing) International Resources Investment Co., Ltd. 濰柴動力(北京)國際資源投資有限公司	Beijing 北京	Beijing 北京	Project Investment 項目投資	300,000,000.00	100.00	-
(6) Weichai Power (Luxembourg) Holding S.à r.l. 濰柴動力(盧森堡)控股有限公司	Luxembourg 盧森堡	Luxembourg 盧森堡	Project Investment 項目投資	EUR100,000.00 歐元100,000.00	-	100.00
(7) Weichai Power (Hong Kong) International Development Co., Ltd. 濰柴動力(香港)國際發展有限公司	Hong Kong 香港	Hong Kong 香港	Services 服務業	USD336,242,497.00 美元336,242,497.00	100.00	-
(8) Shandong Heavy Industry India Private Limited 山東重工印度有限責任公司	India 印度	India 印度	Manufacturing industry 製造業	INR823,889,270.00 盧比823,889,270.00	-	97.68
Subsidiaries acquired through business combinations not involving entities under common control 非同一控制下企業合併取得的子公司						
(9) Shandong Huadong Casting Co., Ltd. 山東華動鑄造有限公司	Shandong 山東	Shandong 山東	Manufacturing industry 製造業	450,150,000.00	-	100.00
(10) Shaanxi Heavy-duty Motor Company Limited 陝西重型汽車有限公司	Shaanxi 陝西	Shaanxi 陝西	Manufacturing industry 製造業	3,706,330,000.00	51.00	-
(11) Shaanxi Hande Axle Co., Ltd. 陝西漢德車橋有限公司	Shaanxi 陝西	Shaanxi 陝西	Manufacturing industry 製造業	320,000,000.00	3.06	94.00

VII. INTEREST IN OTHER ENTITIES
(CONTINUED)

1. Interest in subsidiaries (Continued)

七、在其他主體中的權益(續)

1. 在子公司中的權益(續)

	Place of key operation 主要經營地	Place of registration 註冊地	Nature of business 業務性質	Registered capital 註冊資本	Percentage of shareholding (%) 持股比例(%)	
					Direct 直接	Indirect 間接
Subsidiaries acquired through business combinations not involving entities under common control (Continued) 非同一控制下企業合併取得的子公司(續)						
(12) Shaanxi Jinding Casting Co., Ltd. 陝西金鼎鑄造有限公司	Shaanxi 陝西	Shaanxi 陝西	Manufacturing industry 製造業	435,360,000.00	-	100.00
(13) Shaanxi Fast Gear Co., Ltd. 陝西法士特齒輪有限責任公司	Shaanxi 陝西	Shaanxi 陝西	Manufacturing industry 製造業	256,790,000.00	51.00	-
(14) Zhuzhou Gear Co., Ltd. 株洲齒輪有限責任公司	Hunan 湖南	Hunan 湖南	Manufacturing industry 製造業	531,314,951.00	87.91	-
(15) Zhuzhou Torch Sparkplugs Co., Ltd. 株洲湘火炬火花塞有限責任公司	Hunan 湖南	Hunan 湖南	Manufacturing industry 製造業	282,480,000.00	100.00	-
(16) Weichai (Chongqing) Automotive Co., Ltd. 濰柴(重慶)汽車有限公司	Chongqing 重慶	Chongqing 重慶	Manufacturing industry 製造業	1,895,410,000.00	84.33	15.67
(17) Société International des Moteurs Baudouin 法國博杜安動力國際有限公司	France 法國	France 法國	Manufacturing industry 製造業	EUR33,311,180.00 歐元33,311,180.00	-	100.00
(18) KION GROUP AG (Note 1) KION GROUP AG (註1)	Germany 德國	Germany 德國	Manufacturing industry 製造業	EUR108,626,000.00 歐元108,626,000.00	-	43.26
(19) Weichai America Corp. 濰柴動力北美有限公司	the U.S. 美國	the U.S. 美國	Manufacturing industry 製造業	290,338,047.28	100.00	-

Note 1: On 31 December 2016, the Company held 43.26% shareholding and voting rights in KION GROUP AG through Weichai Lux and was the single largest shareholder of KION GROUP AG. Meanwhile, due to the scattered shareholdings held by other shareholders, the Company had effective control over KION GROUP AG.

註1: 於2016年12月31日, 本公司通過濰柴盧森堡持有KION GROUP AG 43.26%的股權和表決權, 是KION GROUP AG的單一最大股東, 同時由於其他股東持有的股權分散, 本公司擁有對KION GROUP AG的實際控制權。

VII. INTEREST IN OTHER ENTITIES
(CONTINUED)

1. Interest in subsidiaries (Continued)

Details of the changes in paid-in capital of principal subsidiaries in 2016 are as follows:

		31 December 2015 2015年12月31日	Increase during the year 本年增加	Decrease during the year 本年減少	31 December 2016 2016年12月31日
Weichai America Corp.	濰柴動力北美有限公司	262,811,997.28	27,526,050.00	-	290,338,047.28
Weichai Power (Shanghai) Technology Development Co., Ltd.	濰柴動力(上海)科技 發展有限公司	340,000,000.00	150,000,000.00	-	490,000,000.00
KION GROUP AG (EUR)	KION GROUP AG(歐元)	98,740,000.00	9,886,000.00	-	108,626,000.00
Hande Axle (Zhuzhou) Gear Co., Ltd.	漢德車橋(株洲)齒輪 有限公司	5,000,000.00	128,851,844.00	-	133,851,844.00
Weichai (Chongqing) Automotive Co., Ltd.	濰柴(重慶)汽車 有限公司	1,295,410,000.00	600,000,000.00	-	1,895,410,000.00

Changes in paid-in capital of principal subsidiaries in 2015 are detailed as follows:

		31 December 2014 2014年12月31日	Increase during the year 本年增加	Decrease during the year 本年減少	31 December 2015 2015年12月31日
KION GROUP AG (EUR)	KION GROUP AG(歐元)	98,736,000.00	74,000.00	70,000.00	98,740,000.00

七、在其他主體中的權益(續)

1. 在子公司中的權益(續)

主要子公司實收資本2016年發生變化的詳情如下：

主要子公司實收資本2015年發生變化的詳情如下：

VII. INTEREST IN OTHER ENTITIES
(CONTINUED)

1. Interest in subsidiaries (Continued)

Subsidiaries with material interests of minority shareholders are as follows:

2016

		Percentage of shareholding minority shareholders 少數股東 持股比例	Attributable to minority interests 歸屬少數 股東損益	Dividends paid to minority shareholders 向少數股東 支付股利	Accumulated minority interests at the end of year 年末累計少數 股東權益
KION GROUP AG	KION GROUP AG	56.74%	1,001,996,858.39	359,280,195.20	5,930,541,990.61
Shaanxi Heavy-duty Motor Company Limited	陝西重型汽車有限公司	49.00%	6,377,271.31	22,540,000.00	2,873,367,825.66
Shaanxi Fast Gear Co., Ltd.	陝西法士特齒輪有限 責任公司	49.00%	161,212,071.29	188,193,672.35	3,750,277,318.99

2015

		Percentage of shareholding Minority shareholders 少數股東 持股比例	Attributable to minority interests 歸屬少數 股東損益	Dividends paid to minority shareholders 向少數股東 支付股利	Accumulated minority interests at the end of year 年末累計 少數股東權益
KION GROUP AG	KION GROUP AG	61.75%	737,837,744.77	235,638,341.89	3,797,694,348.80
Shaanxi Heavy-duty Motor Company Limited	陝西重型汽車有限公司	49.00%	(9,745,225.58)	12,740,000.00	2,834,721,916.97
Shaanxi Fast Gear Co., Ltd.	陝西法士特齒輪有限 責任公司	49.00%	34,401,610.03	188,828,686.95	3,745,270,329.00

七、在其他主體中的權益(續)

1. 在子公司中的權益(續)

存在重要少數股東權益的子公司如下：

2016年

2015年

VII. INTEREST IN OTHER ENTITIES
(CONTINUED)

1. Interest in subsidiaries (Continued)

The following table illustrates the summarized financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

		Shaanxi Heavy-duty		
		KION GROUP AG KION GROUP AG	Motor Company Limited 陝西重型汽車有限公司	Shaanxi Fast Gear Co., Ltd. 陝西法士特齒輪有限責任公司
2016	2016年			
Current assets	流動資產	17,204,518,212.00	20,550,101,220.70	8,115,279,304.18
Non-current assets	非流動資產	59,172,230,198.57	4,973,998,832.36	2,779,834,958.87
Total assets	資產合計	76,376,748,410.57	25,524,100,053.06	10,895,114,263.05
Current liabilities	流動負債	19,527,152,648.40	18,741,091,467.90	3,534,302,058.13
Non-current liabilities	非流動負債	46,430,929,114.15	1,288,973,227.58	61,360,000.00
Total liabilities	負債合計	65,958,081,762.55	20,030,064,695.48	3,595,662,058.13
Revenue	營業收入	41,062,981,343.03	24,360,435,178.19	7,588,983,747.03
Net profit	淨利潤	1,649,283,955.59	64,436,587.54	297,547,533.54
Total comprehensive income	綜合收益總額	2,180,008,886.44	64,482,994.14	302,792,706.96
Net cash flows from operating activities	經營活動產生的現金流量淨額	3,033,704,229.60	2,197,329,132.62	767,815,044.95
2015	2015年			
Current assets	流動資產	11,564,473,575.20	14,239,604,577.08	7,003,684,896.10
Non-current assets	非流動資產	28,313,660,899.34	5,063,221,440.61	2,982,434,825.14
Total assets	資產合計	39,878,134,474.54	19,302,826,017.69	9,986,119,721.24
Current liabilities	流動負債	12,285,338,800.00	13,223,632,907.51	2,612,556,360.52
Non-current liabilities	非流動負債	22,174,904,890.91	648,550,138.30	31,650,000.00
Total liabilities	負債合計	34,460,243,690.91	13,872,183,045.81	2,644,206,360.52
Revenue	營業收入	35,488,079,494.00	16,558,256,100.68	5,979,939,555.74
Net profit	淨利潤	1,177,935,367.06	41,929,704.51	69,213,967.22
Total comprehensive income	綜合收益總額	1,274,991,937.47	41,913,330.92	67,587,452.41
Net cash flows from operating activities	經營活動產生的現金流量淨額	4,708,811,482.00	843,770,233.06	997,878,780.64

The total assets of KION GROUP AG amounted to RMB76,376,748,410.57 and its total liabilities amounted to RMB65,958,081,762.55. The local laws and regulations have to be complied, subjecting the company to significant restrictions.

KION GROUP AG 資產總額人民幣 76,376,748,410.57 元，及負債總額人民幣 65,958,081,762.55 元，需遵循當地的法律法規，會受到重大限制。

VII. INTEREST IN OTHER ENTITIES
(CONTINUED)

2. Transaction resulting in changes of proportional shareholding but not change of control of principal subsidiaries

On 18 July 2016, KION Group AG issued in aggregate 9,890,000 new KION shares through the accelerated market bookbuilding offering process, at an issue price of EUR46.44 per KION share. Pursuant to the agreement between the Company and KION GROUP AG in relation to the subscription of its new shares, Weichai Lux, subsidiary of the Company, subscribed for 5,934,000 new KION shares at a total consideration of approximately EUR276 million. Upon completion of the transaction, the number of shares of KION GROUP AG held by the Company through Weichai Lux amounted to 43,767,700 shares and the Group's shareholding in KION has increased from 38.25% to 40.23%.

On 12 December 2016, the Company further acquired interests in KION GROUP AG, its overseas subsidiary, in the secondary market, with the total investment amounting to approximately EUR 180 million and the total number of shares acquired were 3,295,967 shares. After the completion of acquisition of additional interests, the number of shares of KION GROUP AG held by the Company amounted to 47,063,667 shares and the Company's current shareholding in KION GROUP AG, as a percentage to its total share capital of 108,790,000 shares, has increased from 40.23% to 43.26%.

七、在其他主體中的權益(續)

2. 在重要子公司的股東權益份額發生變化且未影響控制權的交易

2016年7月18日，KION GROUP AG通過加速簿記發行方式增發9,890,000股新股，發行價格為46.44歐元/股。本公司與KION GROUP AG就認購其新發行股份事宜達成協議，本公司之子公司濰柴盧森堡認購其中5,934,000股新股，認購金額總計約歐元2.76億。本次新股認購交割完成後，本公司通過濰柴盧森堡累計持有KION GROUP AG的股份總計為43,767,700股，持股比例由38.25%上升至40.23%。

2016年12月12日，公司在二級市場增持了境外子公司KION GROUP AG部分股權，投資總金額約為1.8億歐元，增持總股數為3,295,967股。本次增持完成後，公司持有KION GROUP AG股份總數為47,063,667股，佔KION GROUP AG目前總股本108,790,000股的比例由約40.23%上升至43.26%。

VII. INTEREST IN OTHER ENTITIES
(CONTINUED)

3. Interest in jointly-controlled enterprises and associates

Particulars of the principal jointly-controlled enterprise and associates of the Company are presented as follows:

七、在其他主體中的權益(續)

3. 在合營企業和聯營企業中的權益

本公司重要合營企業和聯營企業的情況如下：

	Place of key operation 主要經營地	Place of registration 註冊地	Nature of Business 業務性質	Registered capital 註冊資本	Percentage of shareholding (%) 持股比例(%)		Accounting treatment 會計處理
					Direct 直接	Indirect 間接	
Jointly-controlled enterprise 合營企業							
(1) Xi'an FC Intelligence Transmission Co., Ltd. (Note 1) 西安雙特智能傳動有限公司(註1)	Shaanxi 陝西	Shaanxi 陝西	Manufacturing industry 製造業	500,000,000.00	-	51.00	Equity Method 權益法
Associate 聯營企業							
(1) Shanzhong Finance Leasing Co., Ltd. 山重融資租賃有限公司	Beijing 北京	Beijing 北京	Finance lease 融資租賃	920,000,000.00	19.57	19.57	Equity Method 權益法
(2) Shandong Heavy Industry Group Finance Co., Ltd. 山東重工集團財務有限公司	Shandong 山東	Shandong 山東	Finance company 財務公司	1,000,000,000.00	20.00	-	Equity Method 權益法

Note 1: Xi'an FC Intelligence Transmission Co., Ltd. is held as to 51% by the Group, and as to 4% and 45% by Shaanxi Fast Gear Automotive Transmission Co., Ltd. ("Transmission Co") and Caterpillar (China) Investment Co., Ltd ("Caterpillar") respectively. Its board of directors comprises seven directors, three of whom being nominated by the Group, one being nominated by Transmission Co and three being nominated by Caterpillar. According to its articles of association, board resolutions require unanimous approval or approval by substantially all directors, and thus Xi'an FC Intelligence Transmission Co. is a jointly-controlled enterprise of the Group.

註1：本集團持有西安雙特智能傳動有限公司51%股權，另外兩位股東為陝西法斯特傳動集團有限責任公司(「傳動集團」)和卡特彼勒(中國)投資有限公司(「卡特彼勒」)，股權分別為4%和45%。董事會由七名董事組成，其中三名由本集團委任，一名由傳動集團委任，另外三名由卡特彼勒委任，根據公司章程約定，董事會決議需要董事會全體或者絕大多數同意通過，因此西安雙特智能傳動有限公司屬於本集團合營企業。

VII. INTEREST IN OTHER ENTITIES
(CONTINUED)

3. Interest in jointly-controlled enterprises and associates (Continued)

The Group holds 51% equity interest of Xi'an FC Intelligence Transmission Co., Ltd. ("FC Intelligence Transmission"), which is principally engaged in the production of automatic gear boxes. It is a key jointly-controlled enterprise of the Group and is accounted for using equity method in the Group's accounts.

The following table illustrates the summarised financial information of Xi'an FC Intelligence Transmission Co., Ltd. The amounts disclosed are adjusted for differences in accounting policies and reconciled to the carrying accounts in this financial statement:

		2016 2016年	2015 2015年
Current assets	流動資產	259,055,738.02	231,885,512.75
including: cash and cash equivalents	其中：現金和現金等價物	26,578,025.61	13,462,605.12
Non-current assets	非流動資產	282,363,834.03	306,689,077.66
Total assets	資產合計	541,419,572.05	538,574,590.41
Current liabilities	流動負債	288,143,590.15	228,683,168.45
Non-current liabilities	非流動負債	-	-
Total liabilities	負債合計	288,143,590.15	228,683,168.45
Minority interests	少數股東權益	-	-
Shareholders' equity attributable to the Parent	歸屬於母公司的股東權益	253,275,981.90	309,891,421.96
Shares of net assets based on percentage of shareholding	按持股比例享有的 淨資產份額	129,170,750.77	158,044,625.20
Carrying value of investment	投資的賬面價值	129,176,924.53	158,050,798.96
Revenue	營業收入	102,316,082.57	81,673,107.50
Income tax expenses	所得稅費用	-	-
Net losses	淨虧損	(56,615,440.06)	(67,848,340.98)
Total comprehensive income	綜合收益總額	(56,615,440.06)	(67,848,340.98)
Dividend received	收到的股利	-	-

七、在其他主體中的權益(續)

3. 在合營企業和聯營企業中的權益(續)

本集團持有西安雙特智能傳動有限公司(「雙特傳動」)51%股權，雙特傳動主要生產自動變速箱，為本集團重要的合營企業，本集團對該合營企業採用權益法核算。

下表列示了西安雙特智能傳動有限公司的財務信息，這些財務信息調整了所有會計政策差異且調節至本財務報表賬面金額：

VII. INTEREST IN OTHER ENTITIES
(CONTINUED)

3. Interest in jointly-controlled enterprises and associates (Continued)

The Group holds 20% equity interest of Shandong Heavy Industry Group Finance Co., Ltd. ("Shandong Heavy Industry Finance Co."), which provides the Group with services of deposits, credit lending, settlement and other financial services. It is a key associate of the Group and is accounted for using equity method in the Group's accounts.

The following table illustrates the summarised financial information of Shandong Heavy Industry Finance Co.. The amounts disclosed are adjusted for differences in accounting policies and reconciled to the carrying accounts in this financial statement:

		2016 2016年	2015 2015年
Current assets	流動資產	13,061,825,783.59	13,655,440,758.54
including: cash and cash equivalents	其中：現金和現金等價物	3,991,548,827.44	5,669,896,465.30
Non-current assets	非流動資產	3,185,962,195.47	2,642,503,117.94
Total assets	資產合計	16,247,787,979.06	16,297,943,876.48
Current liabilities	流動負債	14,909,198,503.43	15,110,832,277.66
Non-current liabilities	非流動負債	-	-
Total liabilities	負債合計	14,909,198,503.43	15,110,832,277.66
Minority interests	少數股東權益	-	-
Shareholders' equity attributable to the Parent	歸屬於母公司的股東權益	1,338,589,475.63	1,187,111,598.82
Shares of net assets based on percentage of shareholding	按持股比例享有的淨資產份額	267,717,895.13	237,422,319.76
Carrying value of investment	投資的賬面價值	267,764,440.23	237,468,864.87
Revenue	營業收入	307,265,720.75	293,488,272.93
Income tax expenses	所得稅費用	(50,542,027.29)	(37,931,457.02)
Net profit	淨利潤	151,477,876.81	113,592,023.88
Total comprehensive income	綜合收益總額	151,477,876.81	113,592,023.88
Dividend received	收到的股利	-	13,279,503.45

七、在其他主體中的權益(續)

3. 在合營企業和聯營企業中的權益(續)

本集團持有山東重工集團財務有限公司(「山東重工財務公司」)20%股權，山東重工財務公司為本集團提供存款、信貸、結算及其他金融服務，是本集團重要的聯營企業，本集團對該聯營企業採用權益法核算。

下表列示了山東重工財務公司的財務信息，這些財務信息調整了所有會計政策差異且調節至本財務報表賬面金額：

VII. INTEREST IN OTHER ENTITIES
(CONTINUED)

3. Interest in jointly-controlled enterprises and associates (Continued)

The Group holds 39.13% equity interests of Shanzhong Finance Leasing Co., Ltd. ("Shanzhong Finance Leasing"), which provides the Group and its distributors with finance leasing services. It is a key associate of the Group and is accounted for using equity method in the Group's accounts.

The following table illustrates the summarised financial information of Shanzhong Finance Leasing Co., Ltd.. The amounts disclosed are adjusted for differences in accounting policies and reconciled to the carrying accounts in this financial statement:

		2016 2016年	2015 2015年
Current assets	流動資產	3,694,191,024.27	3,106,216,477.84
including: cash and cash equivalents	其中：現金和現金等價物	378,284,773.24	457,316,530.71
Non-current assets	非流動資產	1,027,039,058.28	1,239,438,238.23
Total assets	資產合計	4,721,230,082.55	4,345,654,716.07
Current liabilities	流動負債	2,659,160,427.05	2,689,819,257.60
Non-current liabilities	非流動負債	1,019,928,727.35	656,064,319.26
Total liabilities	負債合計	3,679,089,154.40	3,345,883,576.86
Minority interests	少數股東權益	-	-
Shareholders' equity attributable to the Parent	歸屬於母公司的股東權益	1,042,140,928.15	999,771,139.21
Shares of net assets based on percentage of shareholding	按持股比例享有的 淨資產份額	407,789,745.19	391,210,446.77
Carrying value of investment	投資的賬面價值	407,713,378.98	391,030,428.38
Revenue	營業收入	245,795,275.35	322,998,348.05
Income tax expenses	所得稅費用	(14,221,900.19)	(14,550,135.52)
Net profit	淨利潤	42,282,252.86	41,236,283.12
Total comprehensive income	綜合收益總額	42,282,252.86	41,236,283.12
Dividend received	收到的股利	-	16,119,400.00

七、在其他主體中的權益(續)

3. 在合營企業和聯營企業中的權益(續)

本集團持有山重融資租賃有限公司(「山重融資租賃」)39.13%股權，山重融資租賃為本集團及本集團的經銷商提供融資租賃業務服務，是本集團重要的聯營企業，本集團對該聯營企業採用權益法核算。

下表列示了山重融資租賃有限公司的財務信息，這些財務信息調整了所有會計政策差異且調節至本財務報表賬面金額：

VII. INTEREST IN OTHER ENTITIES
(CONTINUED)

3. Interest in jointly-controlled enterprises and associates (Continued)

The following illustrates the combined financial information of the associates which, individually, are not significant to the Group:

		2016 2016年	2015 2015年
Associate	聯營企業		
Total carrying value of investments	投資賬面價值合計	740,316,048.12	660,600,073.97
The total amount of the following calculation based on the percentage of shareholding:	下列各項按持股比例計算的合計數：		
Net profit	淨利潤	69,146,305.78	27,998,182.16
Other comprehensive income	其他綜合收益	17,013,548.94	(6,561,087.89)
Total comprehensive income	綜合收益總額	86,159,854.72	21,437,094.27

As the Group takes no responsibility for additional losses incurred by Shaanxi Eurostar Auto Co., Ltd., in recognizing the net losses incurred by Shaanxi Eurostar Auto Co., Ltd., the writing-off of carrying values of long-term equity investments and other long-term interests constituting effectively net investments in Shaanxi Eurostar Auto Co., Ltd. is limited to zero. The Group's unrecognised investment losses, for this year and on an accumulative basis, amounted to RMB14,818,765.59 (2015: RMB10,174,037.00) and RMB36,660,859.63 (2015: RMB21,842,094.04) respectively.

As the Group takes no responsibility for additional losses incurred by Baoding Shanqi Tianma Automobile Co., Ltd., in recognizing the net losses incurred by Baoding Shanqi Tianma Automobile Co., Ltd., the writing-off of the carrying values of long-term equity investments and other long-term interests constituting effectively net investments in Baoding Shanqi Tianma Automobile Co., Ltd. is limited to zero. The Group's unrecognised investment losses, for this year and on an accumulative basis, amounted to RMB1,849,033.12 (2015: RMB1,416,012.55) and RMB6,740,879.56 (2015: RMB4,891,846.44) respectively.

七、在其他主體中的權益(續)

3. 在合營企業和聯營企業中的權益(續)

下表列示了對本集團單項不重要的聯營企業的合計財務信息：

由於本集團對陝西歐舒特汽車股份有限公司不負有承擔額外損失義務，因此在確認陝西歐舒特汽車股份有限公司發生的淨虧損時，以長期股權投資的賬面價值以及其他實質上構成對陝西歐舒特汽車股份有限公司淨投資的長期權益減記至零為限，本集團本年及累計未確認的投資損失金額分別為人民幣 14,818,765.59 元（2015 年：人民幣 10,174,037.00 元）和人民幣 36,660,859.63 元（2015 年：人民幣 21,842,094.04 元）。

由於本集團對保定陝汽天馬汽車有限公司不負有承擔額外損失義務，因此在確認保定陝汽天馬汽車有限公司發生的淨虧損時，以長期股權投資的賬面價值以及其他實質上構成對保定陝汽天馬汽車有限公司淨投資的長期權益減記至零為限，本集團本年及累計未確認的投資損失金額分別為人民幣 1,849,033.12 元（2015 年：人民幣 1,416,012.55 元）和人民幣 6,740,879.56 元（2015 年：人民幣 4,891,846.44 元）。

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

1. Financial instruments by category

The carrying amounts of each category of financial instruments as at the balance sheet date are presented as follows:

2016

Financial assets

八. 與金融工具相關的風險

1. 金融工具分類

資產負債表日的各類金融工具的賬面價值如下：

2016年

金融資產

		Financial assets at fair value through profit or loss 以公允價值計量 且其變動計入 當期損益的 金融資產	Loans and receivables 貸款和 應收款項	Available-for-sale financial assets 可供出售 金融資產	Total 合計
Cash and cash equivalents	貨幣資金	-	27,122,981,855.33	-	27,122,981,855.33
Financial assets at fair value through profit or loss	以公允價值計量且其 變動計入當期損益 的金融資產	129,296,023.50	-	-	129,296,023.50
Notes receivable	應收票據	-	16,742,874,274.52	-	16,742,874,274.52
Accounts receivable	應收賬款	-	11,336,192,971.74	-	11,336,192,971.74
Dividends receivable	應收股利	-	9,711,108.40	-	9,711,108.40
Interests receivable	應收利息	-	26,284,015.32	-	26,284,015.32
Other current assets	其他流動資產	-	-	760,000,000.00	760,000,000.00
Other receivables	其他應收款	-	815,275,065.78	-	815,275,065.78
Non-current assets due within a year	一年內到期的非流動 資產	-	1,463,427,824.40	-	1,463,427,824.40
Long-term receivables	長期應收款	-	4,029,736,734.00	-	4,029,736,734.00
Other non-current assets	其他非流動資產	-	45,335,080.58	-	45,335,080.58
Available-for-sale financial assets	可供出售金融資產	-	-	498,384,350.11	498,384,350.11
Total	合計	129,296,023.50	61,591,818,930.07	1,258,384,350.11	62,979,499,303.68

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial instruments by category (Continued)

The carrying amounts of each category of financial instruments as at the balance sheet date are presented as follows: (Continued)

2016 (Continued)

Financial liabilities

八. 與金融工具相關的風險(續)

1. 金融工具分類(續)

資產負債表日的各類金融工具的賬面價值如下(續):

2016年(續)

金融負債

		Financial liabilities at fair value through profit or loss 以公允價值計量 且其變動計入 當期損益的 金融負債	Other financial liabilities 其他 金融負債	Total 合計
Short-term loans	短期借款	-	4,771,648,754.00	4,771,648,754.00
Financial liabilities at fair value through profit or loss	以公允價值計量且 其變動計入當期 損益的金融負債	168,670,171.20	-	168,670,171.20
Long-term borrowings	長期借款	-	30,216,115,691.85	30,216,115,691.85
Accounts payable	應付賬款	-	21,897,787,394.18	21,897,787,394.18
Notes payable	應付票據	-	8,758,864,180.54	8,758,864,180.54
Other payables	其他應付款	-	4,998,956,643.16	4,998,956,643.16
Bonds payable	應付債券	-	2,756,201,597.01	2,756,201,597.01
Non-current liabilities due within one year	一年內到期的非流動 負債	-	4,624,888,126.80	4,624,888,126.80
Interests payable	應付利息	-	102,059,094.81	102,059,094.81
Long-term payable	長期應付款	-	7,781,235,810.40	7,781,235,810.40
Other current liabilities	其他流動負債	-	167,113,822.80	167,113,822.80
Other non-current liabilities	其他非流動負債	-	55,093,272.00	55,093,272.00
Dividends payable	應付股利	-	3,822,409.44	3,822,409.44
		168,670,171.20	86,133,786,796.99	86,302,456,968.19

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial instruments by category (Continued)

The carrying amounts of each category of financial instruments as at the balance sheet date are presented as follows: (Continued)

2015

Financial assets

		Financial assets at fair value through profit or loss 以公允價值計量 且其變動計入 當期損益的 金融資產	Loans and receivables 貸款和 應收款項	Available-for-sale financial assets 可供出售 金融資產	Total 合計
Cash and cash equivalents	貨幣資金	-	24,856,509,077.48	-	24,856,509,077.48
Financial assets at fair value through profit or loss	以公允價值計量且其變動計入當期損益的金融資產	37,867,082.40	-	-	37,867,082.40
Notes receivable	應收票據	-	9,276,190,961.12	-	9,276,190,961.12
Accounts receivable	應收賬款	-	9,001,693,158.45	-	9,001,693,158.45
Dividends receivable	應收股利	-	6,480,000.00	-	6,480,000.00
Interests receivable	應收利息	-	53,906,611.07	-	53,906,611.07
Other current assets	其他流動資產	-	-	83,000,000.00	83,000,000.00
Other receivables	其他應收款	-	791,678,170.16	-	791,678,170.16
Non-current assets due within a year	一年內到期的非流動資產	-	1,289,424,886.40	-	1,289,424,886.40
Long-term receivables	長期應收款	-	3,348,884,733.60	-	3,348,884,733.60
Other non-current assets	其他非流動資產	-	18,873,232.00	-	18,873,232.00
Available-for-sale financial assets	可供出售金融資產	-	-	650,293,280.51	650,293,280.51
Total	合計	37,867,082.40	48,643,640,830.28	733,293,280.51	49,414,801,193.19

八. 與金融工具相關的風險(續)

1. 金融工具分類(續)

資產負債表日的各類金融工具的賬面價值如下(續)：

2015年

金融資產

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial instruments by category (Continued)

The carrying amounts of each category of financial instruments as at the balance sheet date are presented as follows: (Continued)

2015 (Continued)

Financial liabilities

八. 與金融工具相關的風險(續)

1. 金融工具分類(續)

資產負債表日的各類金融工具的賬面價值如下(續):

2015年(續)

金融負債

		Financial liabilities at fair value through profit or loss 以公允價值計量 且其變動計入 當期損益的 金融負債	Other financial liabilities	Total 合計
Short-term loans	短期借款	–	2,961,108,213.46	2,961,108,213.46
Long-term borrowings	長期借款	–	7,283,743,346.45	7,283,743,346.45
Accounts payable	應付帳款	–	14,702,630,179.02	14,702,630,179.02
Notes payable	應付票據	–	5,520,153,136.02	5,520,153,136.02
Other payables	其他應付款	–	3,849,888,402.26	3,849,888,402.26
Bonds payable	應付債券	–	5,985,529,194.60	5,985,529,194.60
Non-current liabilities due within one year	一年內到期的非流動 負債	–	5,246,338,509.59	5,246,338,509.59
Interests payable	應付利息	–	208,738,518.56	208,738,518.56
Financial liabilities at fair value through profit or loss	以公允價值計量且 其變動計入當期 損益的金融負債	92,014,803.10	–	92,014,803.10
Long-term payable	長期應付款	–	6,604,099,856.80	6,604,099,856.80
Other current liabilities	其他流動負債	–	112,061,588.80	112,061,588.80
Other non-current liabilities	其他非流動負債	–	28,685,893.60	28,685,893.60
Dividends payable	應付股利	–	5,129,313.52	5,129,313.52
Total	合計	92,014,803.10	52,508,106,152.68	52,600,120,955.78

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

2. Transfers of Financial Assets

Transferred financial assets that had not been derecognised in their entirety

As at 31 December 2016, the Group had endorsed to its suppliers commercial acceptance bills for settling account payables with a carrying amount of RMB4,470,316.00 (31 December 2015: RMB6,893,000.00). The Group considered that it retained substantially all of the risks and rewards including the related default risk. Accordingly, its and all related settled account payables continued to be fully recognized. After endorsement, the Group no longer retained its right of use, including the right to sell, transfer or pledge to other third parties. As at 31 December 2016, the Group's settled account payables had a total carrying amount of RMB4,470,316.00 (31 December 2015: RMB6,893,000.00).

Transferred financial assets that had been derecognised in their entirety but continuously involved

As at 31 December 2016, the Group had endorsed to its suppliers bank acceptance bills, which remained outstanding, for settling account payables with a carrying amount of RMB3,868,438,322.72 (31 December 2015: RMB2,907,870,084.96). The carrying amount of outstanding commercial acceptance bills which has been endorsed to suppliers for settling account payables was RMB4,345,132.00 (31 December 2015: Nil). As at 31 December 2016, they were due in 1 to 12 months. If acceptance banks dishonor the bills, endorsees shall have the right to turn to the Group for recourse ("Continuing Involvement") according to the Law of Negotiable Instruments. The Group considered substantially all risk and reward of the bills have been transferred. Therefore, the Group derecognized the book value of the related accounts payable that have been settled by the bills. The undiscounted cash flow and maximum loss of continuing involvement and repurchase were equal to the book value of the bills. The Group considers the fair value of continuing involvement is not significant.

八、與金融工具相關的風險(續)

2. 金融資產轉移

已轉移但未整體終止確認的金融資產

於2016年12月31日，本集團已背書給供應商用於結算應付帳款的商業承兌匯票的賬面價值為人民幣4,470,316.00元(2015年12月31日：人民幣6,893,000.00元)。本集團認為，本集團保留了其幾乎所有的風險和報酬，包括與其相關的違約風險，因此，繼續全額確認其及與之相關的已結算應付帳款。背書後，本集團不再保留使用其的權利，包括將其出售、轉讓或質押給其他第三方的權利。於2016年12月31日，本集團以其結算的應付帳款賬面價值總計為人民幣4,470,316.00元(2015年12月31日：人民幣6,893,000.00元)。

已整體終止確認但繼續涉入的已轉移金融資產

於2016年12月31日，本集團未到期的已背書給供應商用於結算應付帳款的銀行承兌匯票的賬面價值為人民幣3,868,438,322.72元(2015年12月31日：人民幣2,907,870,084.96元)，未到期的已背書給供應商用於結算應付帳款的商業承兌匯票的賬面價值為人民幣4,345,132.00元(2015年12月31日：無)。於2016年12月31日，其到期日為1至12個月，根據《票據法》相關規定，若承兌銀行拒絕付款的，其持有人有權向本集團追索(「繼續涉入」)。本集團認為，本集團已經轉移了其幾乎所有的風險和報酬，因此，終止確認其及與之相關的已結算應付帳款的賬面價值。繼續涉入及回購的最大損失和未折現現金流量等於其賬面價值。本集團認為，繼續涉入公允價值並不重大。

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

2. Transfers of Financial Assets (Continued) *Transferred financial assets that had been derecognised in their entirety but continuously involved (Continued)*

As at 31 December 2016, the book value of the Group's outstanding, discounted bank acceptance bills amounted to RMB5,170,000.00 (31 December 2015: RMB44,487,805.36). As at 31 December 2016, they were due within 1 to 6 months.

In 2016, the Group did not recognize any significant profit or loss at the date of transfer. The Group had no current or accumulated gain or expense arising from the continuing involvement in financial assets which had been derecognized. The endorsement and discount were incurred evenly throughout the year.

3. Financial instruments risks

The Group's major financial instruments, except for derivatives, include loans, bonds payable, available-for-sale financial assets and cash and cash equivalents. The purpose of these financial instruments is to support daily operation of the Group. The Group also has various financial assets and liabilities caused from operation, such as accounts receivable and notes receivable, accounts payable and notes payable.

The Group also enters into derivative transactions, which primarily includes interest rate swaps, forward currency contracts and cross currency interest rate swaps. The purpose is to manage interest rate risks and exchange rate risks from the Group's operations and its sources of finance. It is, and has been throughout the year under review, the Group's policy that no trading in derivative instruments shall be undertaken.

The major risks from the Group's financial instruments are credit risk, liquidity risk and market risk. The Group's risk management policy are summarised as follows.

八、與金融工具相關的風險(續)

2. 金融資產轉移(續) *已整體終止確認但繼續涉入的已轉移金融資產(續)*

於2016年12月31日，本集團未到期的已貼現銀行承兌匯票的賬面價值為人民幣5,170,000.00元(2015年12月31日：人民幣44,487,805.36元)。於2016年12月31日，其到期日為1至6個月。

2016年度，本集團於其轉移日確認的利得或損失並不重大。本集團無因繼續涉入已終止確認金融資產當年度和累計確認的收益或費用。背書和貼現在本年度大致均衡發生。

3. 金融工具風險

本集團的主要金融工具，除衍生工具外，包括借款、應付債券、可供出售金融資產、貨幣資金等。這些金融工具的主要目的在於為本集團的運營融資。本集團具有多種因經營而直接產生的其他金融資產和負債，如應收賬款及應收票據、應付帳款及應付票據等。

本集團亦開展衍生交易，主要包括利率互換、遠期外匯合同以及交叉貨幣利率掉期，目的在於管理本集團的運營及其融資渠道的利率風險和匯率風險。於整個年度內，本集團採取了不進行衍生工具投機交易的政策。

本集團的金融工具導致的主要風險是信用風險、流動性風險及市場風險。本集團對此的風險管理政策概述如下。

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

3. Financial instruments risks (Continued)

Credit risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control in the Group.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, available-for-sale financial assets, financial assets at fair value through profit or loss and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in Note XII.

The Group trades with its customers primarily on credit terms, and generally requires payment in advance or cash on delivery for new customers. Credit period is generally from one to six months. Customers with good trading record could be granted a longer credit period. Since the Group trades only with recognized and creditworthy third parties, there is no requirement for collateral. Credit risk management is centralized according to customer/counterparty, geographical region and industry sector. The Group's maximum possible credit risk equals to the carrying amounts of accounts receivable in the consolidated balance sheet. As at 31 December 2016, the Group has no significant concentrations of credit risk as 8.11% (31 December 2015: 5.74%) of the Group's accounts receivable were receivables due from the top 5 customers.

八、與金融工具相關的風險(續)

3. 金融工具風險(續)

信用風險

本集團僅與經認可的、信譽良好的第三方進行交易。按照本集團的政策，需對所有要求採用信用方式進行交易的客戶進行信用審核。另外，本集團對應收賬款餘額進行持續監控，以確保本集團不致面臨重大壞賬風險。對於未採用相關經營單位的記帳本位幣結算的交易，除非本集團信用控制部門特別批准，否則本集團不提供信用交易條件。

本集團其他金融資產包括貨幣資金、可供出售的金融資產、以公允價值計量且其變動計入當期損益的金融資產及其他應收款等，這些金融資產的信用風險源自交易對手違約，最大風險敞口等於這些工具的賬面金額。本集團還因提供財務擔保而面臨信用風險，詳見附註十二中披露。

本集團與客戶間的貿易條款以信用交易為主，且一般要求新客戶預付款或採取貨到付款方式進行。信用期通常為1-6個月，交易記錄良好的客戶可獲得比較長的信貸期。由於本集團僅與經認可的且信譽良好的第三方進行交易，所以無需擔保物。信用風險集中按照客戶/交易對手、地理區域和行業進行管理。合併資產負債表中應收賬款的賬面價值正是本集團可能面臨的最大信用風險。於2016年12月31日，本集團的應收賬款中應收賬款前五名客戶的款項佔8.11%(2015年12月31日：5.74%)，本集團並未面臨重大信用集中風險。

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

3. Financial instruments risks (Continued)

Credit risk (Continued)

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable and other receivables are disclosed in Notes V.4 and 8.

Liquidity risk

The Group maintains balance between continuity and flexibility of capital through bank loans and debts to manage its liquidity risk.

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of bank borrowings, bonds and other interest-bearing borrowings. As at 31 December 2016, 51.47% (31 December 2015: 59.86%) of the Group's borrowings would mature in less than one year.

八、與金融工具相關的風險(續)

3. 金融工具風險(續)

信用風險(續)

本集團因應收賬款和其他應收款產生的信用風險敞口的量化數據，參見附註五、4和8中。

流動性風險

本集團通過利用銀行貸款及債務維持資金延續性與靈活性之間的平衡，以管理其流動性風險。

本集團的目標是運用銀行借款、債券和其他計息借款等多種融資手段以保持融資的持續性與靈活性的平衡。於2016年12月31日，本集團51.47% (2015年12月31日：59.86%)的債務在不足1年內到期。

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

3. Financial instruments risks (Continued)

Liquidity risk (Continued)

The table below summarizes the maturity profile of financial liabilities based on the undiscounted contractual cash flows:

2016

		Less than 3 months 少於3個月	Over 3 months to 1 year 3個月以上至1年	Over 1 year to 5 years 1年以上至5年	Over 5 years 5年以上	Total 合計
Short-term loans (including interest)	短期借款(含息)	60,357,039.97	4,741,887,784.89	-	-	4,802,244,824.86
Long-term borrowings (including interest)	長期借款(含息)	266,593,716.24	799,781,148.72	30,463,516,945.77	2,351,807,316.73	33,881,699,127.46
Accounts payable	應付帳款	18,659,757,851.67	2,531,652,299.20	706,377,243.31	-	21,897,787,394.18
Notes payable	應付票據	3,158,842,283.07	5,580,169,321.87	19,852,575.60	-	8,758,864,180.54
Other payables	其他應付款	3,666,634,811.33	754,853,700.90	577,468,130.91	-	4,998,956,643.14
Bonds payable (including interest)	應付債券(含息)	58,343,103.92	90,834,534.25	3,258,954,580.00	-	3,408,132,218.17
Non-current liabilities due within one year (including interest)	一年內到期的非流動 負債(含息)	-	4,589,457,131.73	346,023,344.62	-	4,935,480,476.35
Long-term payables	長期應付款	769,316,531.70	2,307,949,595.10	7,467,781,397.20	313,454,413.20	10,858,501,937.20
Other current liabilities	其他流動負債	-	167,113,822.80	-	-	167,113,822.80
Other non-current liabilities	其他非流動負債	-	55,093,272.00	-	-	55,093,272.00
Dividends payable	應付股利	1,470,000.00	2,352,409.44	-	-	3,822,409.44
		26,641,315,337.90	21,621,145,020.90	42,839,974,217.41	2,665,261,729.93	93,767,696,306.14
Financial liabilities at fair value through profit or loss	以公允價值計量且 其變動計入當期 損益的金融負債					
Cash inflow	現金流入	-	3,307,788,360.00	1,539,542,760.00	-	4,847,331,120.00
Cash outflow	現金流出	-	(3,453,193,680.00)	(1,627,955,040.00)	-	(5,081,148,720.00)

Apart from the cash flow incurred by the aforementioned financial liabilities, the Group has to pay the financial guarantee contract upon request by the relevant counterparty. Please refer to Note XII.4 for the actual exposure amount.

除上述金融負債導致的現金流外，本集團還有財務擔保合同將於相關對手提出要求時支付，具體敞口金額參見附註十二、四。

八、與金融工具相關的風險(續)

3. 金融工具風險(續)

流動性風險(續)

下表概括了金融負債按未折現的合同現金流量所作的到期期限分析：

2016年

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

3. Financial instruments risks (Continued)

Liquidity risk (Continued)

2015年

		Less than 3 months 少於3個月	Over 3 months to 1 year 3個月以上至1年	Over 1 year to 5 years 1年以上至5年	Over 5 years 5年以上	Total 合計
Short-term loans (including interest)	短期借款(含息)	173,790,917.21	2,867,047,361.34	-	-	3,040,838,278.55
Long-term borrowings (including interest)	長期借款(含息)	42,760,471.64	127,087,592.67	6,749,248,336.56	1,145,355,539.12	8,064,451,939.99
Accounts payable	應付帳款	9,445,887,536.01	5,256,742,643.01	-	-	14,702,630,179.02
Notes payable	應付票據	999,409,524.48	4,520,743,611.54	-	-	5,520,153,136.02
Other payables	其他應付款	3,150,054,445.58	346,725,660.08	353,108,296.60	-	3,849,888,402.26
Bonds payable (including interest)	應付債券(含息)	134,843,247.87	296,198,752.13	6,951,946,103.33	-	7,382,988,103.33
Non-current liabilities due within one year (including interest)	一年內到期的非流動 負債(含息)	117,630,144.57	5,503,628,162.60	-	-	5,621,258,307.17
Long-term payables	長期應付款	-	-	6,705,673,520.00	305,803,120.00	7,011,476,640.00
Other current liabilities	其他流動負債	-	112,061,588.80	-	-	112,061,588.80
Other non-current liabilities	其他非流動負債	-	28,685,893.60	-	-	28,685,893.60
Dividends payable	應付股利	2,940,000.00	2,189,313.52	-	-	5,129,313.52
		14,067,316,287.36	19,061,110,579.29	20,759,976,256.49	1,451,158,659.12	55,339,561,782.26
Financial liabilities at fair value through profit or loss	以公允價值計量且 其變動計入當期 損益的金融負債					
Cash inflow	現金流入	53,402,376.13	2,506,213,016.13	3,445,684,724.21	-	6,005,300,116.47
Cash outflow	現金流出	(37,243,708.57)	(2,539,720,748.57)	(3,297,639,529.79)	-	(5,874,603,986.93)

As at 31 December 2016, other secured obligations in respect of the Group's commitments to external parties are detailed in Note XII.

Market risk**Interest rate risk**

The Group's exposure to the risk of changes in market interest rates primarily relates to the Group's financial instruments with a floating interest rate.

The table below is a sensitivity analysis of interest rate risk for subsidiaries in China and Hong Kong. It reflects the effects on the net profit (through the impact on floating interest rate of financial assets and liabilities) and net other comprehensive income after tax, when there are reasonable and potential changes in interest rates, under the presumption that other variables remain unchanged.

八、與金融工具相關的風險(續)

3. 金融工具風險(續)

流動性風險(續)

2015年

於2016年12月31日，本集團對外承擔其他保證責任的事項詳見附註十二。

市場風險**利率風險**

本集團面臨的市場利率變動的風險主要與本集團以浮動利率計息的金融工具有關。

下表為中國大陸和香港子公司利率風險的敏感性分析，反映了在其他變量不變的假設下，利率發生合理、可能的變動時，將對淨損益(通過對浮動利率金融資產和負債的影響)和其他綜合收益的稅後淨額產生的影響。

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

3. Financial instruments risks (Continued)

Market risk (Continued)

Interest rate risk (Continued)

八、與金融工具相關的風險(續)

3. 金融工具風險(續)

市場風險(續)

利率風險(續)

		Benchmark increase/ (decrease) 基點 增加/(減少)	Net profit or loss increase/ (decrease) 淨損益 增加/(減少)	Net other comprehensive income after tax increase/ (decrease) 其他綜合收益 的稅後淨額 增加/(減少)	Equity increase/ (decrease) 股東權益 合計 增加/(減少)
2016	2016年				
RMB	人民幣	5%	(11,787,096.24)	-	(11,787,096.24)
RMB	人民幣	(5%)	11,787,096.24	-	11,787,096.24
2015	2015年				
RMB	人民幣	5%	(8,992,138.27)	-	(8,992,138.27)
RMB	人民幣	(5%)	8,992,138.27	-	8,992,138.27

The table below is a sensitivity analysis of interest rate risk for KION GROUP AG. It reflects the effects on the net profit or loss (through the impact on floating-rate financial assets and liabilities) and net other comprehensive income after tax, when there are reasonable and potential changes in interest rates, under the presumption that other variables remain unchanged.

下表為KION GROUP AG利率風險的敏感性分析，反映了在其他變量不變的假設下，利率發生合理、可能的變動時，將對淨損益(通過對浮動利率金融資產和負債的影響)和其他綜合收益的稅後淨額產生的影響。

		Benchmark increase/ (decrease) 基點 增加/(減少)	Net profit or loss increase/ (decrease) 淨損益 增加/(減少)	Net other comprehensive income after tax increase/ (decrease) 其他綜合收益 的稅後淨額 增加/(減少)	Equity increase/ (decrease) 股東權益 合計 增加/(減少)
2016	2016年				
RMB	人民幣	50 bps	(7,810,969.20)	-	(7,810,969.20)
RMB	人民幣	(50 bps)	(6,400,756.80)	-	(6,400,756.80)
2015	2015年				
RMB	人民幣	100 bps	(6,690,773.60)	-	(6,690,773.60)
RMB	人民幣	(100 bps)	6,690,773.60	-	6,690,773.60

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

3. Financial instruments risks (Continued)

*Market risk (Continued)**Exchange rate risk*

The Group has transactional currency exposures. Such exposures arise from sales or purchases in currencies other than the operational unit's functional currency.

The table below is a sensitivity analysis of exchange rate risk for subsidiaries in China and Hong Kong. It reflects the effects on the net profit or loss (due to changes in the fair value of monetary assets and monetary liabilities) and net other comprehensive income after tax (due to changes in the fair value of forward foreign exchange contracts), when there are reasonable and potential changes in exchange rate, under the presumption that other variables remain unchanged.

八、與金融工具相關的風險(續)

3. 金融工具風險(續)

*市場風險(續)**匯率風險*

本集團面臨交易性的匯率風險。此類風險由於經營單位以其記帳本位幣以外的貨幣進行的銷售或採購所致。

下表為中國大陸和香港子公司匯率風險的敏感性分析，反映了在其他變量不變的假設下，以下所列外幣匯率發生合理、可能的變動時，將對淨損益（由於貨幣性資產和貨幣性負債的公允價值變化）和其他綜合收益的稅後淨額（由於遠期外匯合同的公允價值變化）產生的影響。

		Exchange rate increase/ (decrease)	Net profit or loss increase/ (decrease)	Net other comprehensive income after tax increase/ (decrease)	Equity increase/ (decrease)
		匯率 增加/(減少)	淨損益 增加/(減少)	其他綜合收益 的稅後淨額 增加/(減少)	股東權益 合計 增加/(減少)
2016	2016年				
If RMB weakens against USD	人民幣對美元貶值	5%	39,934,203.77	-	39,934,203.77
If RMB strengthens against USD	人民幣對美元升值	5%	(39,934,203.77)	-	(39,934,203.77)
If RMB weakens against EUR	人民幣對歐元貶值	5%	571,953.10	-	571,953.10
If RMB strengthens against EUR	人民幣對歐元升值	5%	(571,953.10)	-	(571,953.10)
2015	2015年				
If RMB weakens against USD	人民幣對美元貶值	5%	(73,493,104.61)	-	(73,493,104.61)
If RMB strengthens against USD	人民幣對美元升值	5%	73,493,104.61	-	73,493,104.61
If RMB weakens against EUR	人民幣對歐元貶值	5%	127,913.77	-	127,913.77
If RMB strengthens against EUR	人民幣對歐元升值	5%	(127,913.77)	-	(127,913.77)

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

3. Financial instruments risks (Continued)

*Market risk (Continued)**Exchange rate risk (Continued)*

The table below is a sensitivity analysis of exchange rate risk for KION GROUP AG. It reflects the effects on the net profit or loss (due to changes in the fair value of monetary assets and monetary liabilities) and net other comprehensive income after tax (due to changes in the fair value of forward foreign exchange contracts), when there are reasonable and potential changes in exchange rate, under the presumption that other variables remain unchanged.

八、與金融工具相關的風險(續)

3. 金融工具風險(續)

*市場風險(續)**匯率風險(續)*

下表為 KION GROUP AG 匯率風險的敏感性分析，反映了在其他變量不變的假設下，以下所列外幣匯率發生合理、可能的變動時，將對淨損益(由於貨幣性資產和貨幣性負債的公允價值變化)和其他綜合收益的稅後淨額(由於遠期外匯合同的公允價值變化)產生的影響。

	Exchange rate increase/ (decrease)	Net profit or loss increase/ (decrease)	Net other comprehensive income after tax		Equity increase/ (decrease)
			increase/ (decrease)	increase/ (decrease)	
	匯率 增加/(減少)	淨損益 增加/(減少)	其他綜合收益 的稅後淨額 增加/(減少)	其他綜合收益 的稅後淨額 增加/(減少)	股東權益 合計 增加/(減少)
2016	2016年				
If EUR weakens against RMB	歐元對人民幣貶值	5%	(419,370.13)	(15,822,380.36)	(16,241,750.49)
If EUR strengthens against RMB	歐元對人民幣升值	5%	550,739.09	12,962,579.22	13,513,318.31
If EUR weakens against GBP	歐元對英鎊貶值	5%	(6,803,396.19)	(23,899,044.91)	(30,702,441.10)
If EUR strengthens against GBP	歐元對英鎊升值	5%	5,580,654.35	19,553,764.01	25,134,418.36
If EUR weakens against USD	歐元對美元貶值	5%	(40,757,218.97)	(11,065,308.32)	(51,822,527.29)
If EUR strengthens against USD	歐元對美元升值	5%	32,516,343.23	9,054,352.74	41,570,695.97
2015	2015年				
If EUR weakens against RMB	歐元對人民幣貶值	5%	2,551,589.36	(16,049,749.71)	(13,498,160.35)
If EUR strengthens against RMB	歐元對人民幣升值	5%	(1,543,585.25)	13,195,001.22	11,651,415.97
If EUR weakens against GBP	歐元對英鎊貶值	5%	603,791.94	(23,520,095.99)	(22,916,304.05)
If EUR strengthens against GBP	歐元對英鎊升值	5%	(603,791.94)	19,265,762.84	18,661,970.90
If EUR weakens against USD	歐元對美元貶值	5%	(525,475.83)	(9,425,722.68)	(9,951,198.51)
If EUR strengthens against USD	歐元對美元升值	5%	363,790.96	7,710,347.26	8,074,138.22

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

3. Financial instruments risks (Continued)

Market risk (Continued)

Equity investment price risk

Equity investment price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of share indices and the value of individual securities. The Group was exposed to equity investment price risk arising from individual equity investments classified as available-for-sale equity investments (Note V.12) as at 31 December 2016. The Group held listed equity investments that are listed on the stock exchanges and are valued at quoted market prices at the balance sheet date.

The following table demonstrates the sensitivity of the Group's net profit or loss and net other comprehensive income after tax to every 5% change in the fair values of the equity investments, with all other variables held constant (based on their carrying amounts at the balance sheet date). For the purpose of this sensitivity analysis, for the available-for-sale equity investments, the effect is deemed to be on the changes in fair values of available-for-sale equity investments and no account is given to factors such as impairment which might affect the profit and loss.

八、與金融工具相關的風險(續)

3. 金融工具風險(續)

市場風險(續)

權益工具投資價格風險

權益工具投資價格風險，是指權益性證券的公允價值因股票指數水平和個別證券價值的變化而降低的風險。於2016年12月31日，本集團暴露於因歸類為可供出售權益工具投資(附註五、12)的個別權益工具投資而產生的權益工具投資價格風險之下。本集團持有的上市權益工具投資在證券交易所上市，並在資產負債表日以市場報價計量。

下表說明了，在所有其他變量保持不變，本集團的淨損益和其他綜合收益的稅後淨額對權益工具投資的公允價值的每5%的變動(以資產負債表日的賬面價值為基礎)的敏感性。就本敏感性分析而言，對於可供出售權益工具投資，該影響被視為對可供出售權益工具投資公允價值變動的影響，而不考慮可能影響損益的減值等因素。

		Carrying amount of equity investments	Net profit or loss increase/(decrease)	Net other comprehensive income after tax Increase/(Decrease) 其他綜合收益的稅後淨額 增加/(減少)	Equity increase/(decrease) 股東權益 合計 增加/(減少)
2016	2016年				
Equity instrument investments	權益工具投資				
Available-for-sale financial assets	可供出售金融資產	250,553,821.20	-	10,621,958.37	10,621,958.37
2015	2015年				
Equity instrument investments	權益工具投資				
Available-for-sale financial assets	可供出售金融資產	258,826,493.60	-	10,955,817.34	10,955,817.34

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

4. Capital Management

The key objectives of the Group's capital management are to maintain the Group's going concern and a sound capital ratio so as to support business development and maximize shareholders' value.

The Group manages its capital structure and adjusts it based on latest economic conditions and the changes in the risk profiles of the relevant assets. To maintain or adjust capital structure, the Group may adjust its profit distribution to shareholders, return capital to shareholders, repurchase outstanding shares or issue new shares. The Group is not constrained by any external mandatory requirements on capital. In 2016 and 2015, there had been no change in the objectives, policies or procedures of capital management of the Group.

The Group manages its capital with the gearing ratio, which refers to interest-bearing liabilities (excluding long-term payables) divided by the total sum of adjusted owners' equity and interest-bearing liabilities. The gearing ratio of the Group as of the balance sheet date is as follows:

八、與金融工具相關的風險(續)

4. 資本管理

本集團資本管理的主要目標是確保本集團持續經營的能力，並保持健康的資本比率，以支持業務發展並使股東價值最大化。

本集團管理資本結構並根據經濟形勢以及相關資產的風險特徵的變化對其進行調整。為維持或調整資本結構，本集團可以調整對股東的利潤分配、向股東歸還資本、回購已發行股份或發行新股。本集團不受外部強制性資本要求的約束。2016年度和2015年度，資本管理的目標、政策或程序未發生變化。

本集團採用槓桿比率來管理資本，槓桿比率是指計息負債(不含長期應付款)和調整後股東權益加計息負債的比率。本集團於資產負債表日的槓桿比率如下：

		2016 2016年	2015 2015年
Short-term borrowings	短期借款	4,771,648,754.00	2,961,108,213.46
Long-term borrowings	長期借款	30,216,115,691.85	7,283,743,346.45
Bonds payable	應付債券	2,756,201,597.01	5,985,529,194.60
Non-current liabilities due within 1 year	一年內到期的非流動負債	1,547,622,000.00	2,654,022,047.19
Interest-bearing liabilities	有息負債	39,291,588,042.86	18,884,402,801.70
Owner's equity	股東權益	44,561,669,859.22	41,936,985,951.10
Add: Interest-bearing liabilities	加：有息負債	39,291,588,042.86	18,884,402,801.70
Owners' equity and interest-bearing liabilities	股權權益和有息負債	83,853,257,902.08	60,821,388,752.80
Gearing ratio	槓桿比率	46.86%	31.05%

IX. DISCLOSURE OF FAIR VALUE

1. Assets and liabilities measured at fair value
2016

九、公允價值的披露

1. 以公允價值計量的資產和負債
2016年

		Inputs used in the measurement of fair value 公允價值計量使用的輸入值			Total 合計
		Quoted prices in active markets (Level 1) 活躍市場報價 (第一層次)	Key observable inputs (Level 2) 重要可觀察 輸入值 (第二層次)	Key unobservable inputs (Level 3) 重要不可觀察 輸入值 (第三層次)	
Continuously measured at fair value Financial assets at fair value through profit or loss	持續的公允價值計量 以公允價值計量且 其變動計入當期 損益的金融資產	-	129,296,023.50	-	129,296,023.50
Listing available-for-sale equity instruments for available-for-sale financial assets	可供出售金融資產上市 可供出售權益工具	250,553,821.20	-	-	250,553,821.20
		250,553,821.20	129,296,023.50	-	379,849,844.70
Financial liabilities at fair value through profit or loss	以公允價值計量且 其變動計入當期 損益的金融負債	-	168,670,171.20	-	168,670,171.20

2015

2015年

		Inputs used in the measurement of fair value 公允價值計量使用的輸入值			Total 合計
		Quoted prices in active markets (Level 1) 活躍市場報價 (第一層次)	Key observable inputs (Level 2) 重要可觀察 輸入值 (第二層次)	Key unobservable inputs (Level 3) 重要不可觀察 輸入值 (第三層次)	
Continuously measured at fair value Financial assets at fair value through profit or loss	持續的公允價值計量 以公允價值計量且 其變動計入當期 損益的金融資產	-	37,867,082.40	-	37,867,082.40
Listing available-for-sale equity instruments for available-for-sale financial assets	可供出售金融資產上市 可供出售權益工具	258,826,493.60	-	-	258,826,493.60
		258,826,493.60	37,867,082.40	-	296,693,576.00
Financial liabilities at fair value through profit or loss	以公允價值計量且 其變動計入當期 損益的金融負債	-	92,014,803.10	-	92,014,803.10

IX. DISCLOSURE OF FAIR VALUE (CONTINUED)

2. Assets and liabilities disclosed at fair value
2016

九、公允價值的披露(續)

2. 以公允價值披露的資產和負債
2016年

		Inputs used in the measurement of fair value 公允價值計量使用的輸入值			
		Quoted prices in active markets (Level 1) 活躍市場報價 (第一層次)	Key observable inputs (Level 2) 重要可觀察 輸入值 (第二層次)	Key unobservable inputs (Level 3) 重要不可觀察 輸入值 (第三層次)	Total 合計
Long-term receivables	長期應收款	-	5,412,607,088.40	-	5,412,607,088.40
Long-term borrowings	長期借款	-	30,094,539,229.34	-	30,094,539,229.34
Bonds payable	應付債券	2,786,834,264.62	-	-	2,786,834,264.62
Long-term payables	長期應付款	-	10,963,181,174.40	-	10,963,181,174.40

2015

2015年

		Inputs used in the measurement of fair value 公允價值計量使用的輸入值			
		Quoted prices in active markets (Level 1) 活躍市場報價 (第一層次)	Key observable inputs (Level 2) 重要可觀察 輸入值 (第二層次)	Key unobservable inputs (Level 3) 重要不可觀察 輸入值 (第三層次)	Total 合計
Long-term receivables	長期應收款	-	3,382,225,078.40	-	3,382,225,078.40
Long-term borrowings	長期借款	-	7,540,256,933.90	-	7,540,256,933.90
Bonds payable	應付債券	5,944,180,335.98	-	-	5,944,180,335.98
Long-term payables	長期應付款	-	6,644,874,751.20	-	6,644,874,751.20

IX. DISCLOSURE OF FAIR VALUE (CONTINUED)

3. Estimation of fair value

Fair value of financial assets

The management has assessed the cash and cash equivalents, notes receivable, accounts receivable, investment products under other current assets, non-current assets due within 1 year, short-term borrowings, notes payable, accounts payable and long-term liabilities due within 1 year and long-term payables due within one year. In each case, the fair value and carrying value are similar due to short remaining period.

The finance team of the Group is led by the head of finance department. It is responsible for formulating policies and procedures applicable to the measurement of the fair value of financial instruments. The finance team directly reports to the Chief Financial Officer and the Audit Committee. On each balance sheet date, the finance team analyzes the change in value of financial instruments and ascertain the key inputs which apply to the valuation. The process and result of valuation is subject to approval by the Chief Financial Officer.

The fair value of financial assets and liabilities is determined as the amount at which well-informed parties undergo exchange of assets or settlement of debts out of free will and in a fair transaction. The following methods and assumptions are used in estimating fair values.

九、公允價值的披露(續)

3. 公允價值估值

金融資產公允價值

管理層已經評估了貨幣資金、應收票據、應收賬款、其他流動資產中的投資產品、一年內到期的非流動資產、短期借款、應付票據、應付帳款和一年內到期的長期負債、一年內到期的長期應付款等，因剩餘期限不長，公允價值與賬面價值相若。

本集團的財務團隊由財務部門負責人領導，負責制定金融工具公允價值計量的政策和程序。財務團隊直接向首席財務官和審計委員會報告。每個資產負債表日，財務團隊分析金融工具價值變動，確定估值適用的主要輸入值。估值流程和結果經首席財務官審核批准。

金融資產和金融負債的公允價值，以在公平交易中，熟悉情況的交易雙方自願進行資產交換或者債務清償的金額確定。以下方法和假設用於估計公允價值。

IX. DISCLOSURE OF FAIR VALUE (CONTINUED)

3. Estimation of fair value (Continued)

Fair value of financial assets (Continued)

Financial assets at fair value through profit or loss include the forward contracts. Financial liabilities at fair value through profit or loss include the forward contracts and cross currency interest rate swap instruments. The Group believes that the fair value estimated using valuation techniques is reasonable and the most appropriate value as of the balance sheet date.

The fair values of the aforesaid equity instruments are determined according to quote prices on the market.

Fair values of long-term and short-term borrowings, long-term receivables and long-term payables are determined using discount cash flows, at rates equal to market yield of other financial instruments with similar contract terms, credit risks and remaining term. As at 31 December 2016, non-performance risks underlying long-term and short-term borrowings, long-term receivables and long-term payables were appraised as insignificant.

Fair values of bonds payable are determined as quoted prices on the market.

4. The level change in the fair value

In 2016, there were neither transfers between Level 1 and Level 2 for the measurement of fair value of financial assets and liabilities, nor transfer into or out of Level 3.

九、公允價值的披露(續)

3. 公允價值估值(續)

金融資產公允價值(續)

公允價值計量且其變動計入當期損益的金融資產包括遠期合同。公允價值計量且其變動計入當期損益的金融負債包括遠期合同和交叉貨幣利率互換工具。本集團相信，以估值技術估計的公允價值是合理的，並且亦是於資產負債表日最合適的價值。

上市的權益工具，以市場報價確定公允價值。

長短期借款、長期應收款和長期應付款採用未來現金流量折現法確定公允價值，以有相似合同條款、信用風險和剩餘期限的其他金融工具的市場收益率作為折現率。2016年12月31日，針對長短期借款、長期應收款和長期應付款等自身不履約風險評估為不重大。

應付債券，以市場報價確定公允價值。

4. 公允價值層次轉換

於2016年度，並無金融資產和金融負債公允價值計量在第一層次和第二層次之間的轉移，亦無轉入或轉出第三層次的情況。

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The related parties defined in these financial statements included the related parties under accounting standards and related parties under the information disclosure requirements of SFC.

1. Parent

	Registered address	Nature of business	Registered capital	Proportion of ownership interest in the Company 對本公司 持股比例 (%)	Proportion of voting power in the Company 對本公司 表決權比例 (%)
	註冊地	業務性質	註冊資本		
Weichai Group Holdings Limited 濰柴控股集團有限公司	Weifang City, Shandong Province 山東省 濰坊市	External investment financial guarantee investment advisory planning and organization/ coordination and management of production operating activities of corporates under the Group 對外投資經濟擔保投資 諮詢規劃組織/協調管理集團 所屬企業生產經營活動	RMB1,200,000,000.00 人民幣1,200,000,000.00	16.83	16.83

Shandong Heavy Industry Group Co., Ltd. is the ultimate controller of the Company.

本公司的最終控制人為山東重工集團有限公司。

2. Subsidiaries

Details of subsidiaries are set out in Note VII.1.

2. 子公司

子公司信息詳見附註七、1。

3. Associates

Details of associates are set out in Note VII.3 and Note X.4.

3. 聯營企業

與本集團發生重大交易的聯營企業詳見附註七、3及附註十、4。

十、關聯方關係及其交易

本財務報表中界定的關聯方既包括會計準則中界定的關聯方，也包括證監會和交易所在信息披露規定中界定的關聯方。

1. 母公司

	Registered address	Nature of business	Registered capital	Proportion of ownership interest in the Company 對本公司 持股比例 (%)	Proportion of voting power in the Company 對本公司 表決權比例 (%)
	註冊地	業務性質	註冊資本		
Weichai Group Holdings Limited 濰柴控股集團有限公司	Weifang City, Shandong Province 山東省 濰坊市	External investment financial guarantee investment advisory planning and organization/ coordination and management of production operating activities of corporates under the Group 對外投資經濟擔保投資 諮詢規劃組織/協調管理集團 所屬企業生產經營活動	RMB1,200,000,000.00 人民幣1,200,000,000.00	16.83	16.83

本公司的最終控制人為山東重工集團有限公司。

2. 子公司

子公司信息詳見附註七、1。

3. 聯營企業

與本集團發生重大交易的聯營企業詳見附註七、3及附註十、4。

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Particulars of other related parties which entered into material transactions with the Group

十、關聯方關係及其交易(續)

4. 與本集團發生重大交易的其他關聯方情況

	Related party relationships 關聯方關係	Referred to as 簡稱
Shandong Heavy Industry Group Co., Ltd 山東重工集團有限公司	Ultimate controller 最終控制人	Shandong Heavy Industry 山東重工
Weichai Group Holdings Limited 濰柴控股集團有限公司	Parent 母公司	Weichai Group Holdings 濰柴控股
Shandong Weichai Import and Export Co., Ltd. 山東濰柴進出口有限公司	Common control by parent 同一母公司控制	Weichai Import and Export 濰柴進出口
Weichai Heavy-duty Machinery Co., Ltd. 濰柴重機股份有限公司	Common control by parent 同一母公司控制	Weichai Heavy-duty Machinery 濰柴重機
Yangzhou Yaxing Coach Co., Ltd. 揚州亞星客車股份有限公司	Common control by parent 同一母公司控制	Yangzhou Yaxing 揚州亞星
Yangzhou Shengda Special Vehicles Co., Ltd. 揚州盛達特種車有限公司	Common control by parent 同一母公司控制	Shengda Special Vehicles 盛達特種車
Weichai Electric Equipment Co., Ltd 濰柴電力設備有限公司	Common control by parent 同一母公司控制	Weichai Electric 濰柴電力
Chongqing Weichai Diesel Engine Limited 重慶濰柴發動機有限公司	Common control by parent 同一母公司控制	Chongqing Weichai 重慶濰柴
Weichai Electric Equipment Taizhou Co., Ltd. 濰柴電力設備泰州有限公司	Common control by parent 同一母公司控制	Weichai Electric Taizhou 濰柴電力泰州
Shandong Weichai Real Estate Co., Ltd. 山東濰柴地產置業有限公司	Common control by parent 同一母公司控制	Weichai Real Estate 濰柴地產
Yangzhou Yaxing Commercial Vehicles Co., Ltd. 揚州亞星商用車有限公司	Common control by parent 同一母公司控制	Yaxing Commercial Vehicles 亞星商用車
Chutian Engineering Machinery Company Limited 山推楚天工程機械有限公司	Same ultimate parent 同一最終控制人	Chutian Engineering 山推楚天
Shantui Engineering Machinery Co., Ltd. 山推工程機械股份有限公司	Same ultimate parent 同一最終控制人	Shantui Engineering 山推工程
Shandong Shantui Machinery Co., Ltd. 山東山推機械有限公司	Same ultimate parent 同一最終控制人	Shandong Shantui 山東山推
Shandong Heavy Industry Group Finance Co., Ltd. 山東重工集團財務有限公司	Same ultimate parent 同一最終控制人	Shandong Heavy Industry Finance Company 山東重工財務公司
Shanzhong Finance Leasing Co., Ltd. 山重融資租賃有限公司	Same ultimate parent 同一最終控制人	Shanzhong Finance Leasing 山重融資租賃
Shanzhong Jianji Co., Ltd. 山重建機有限公司	Same ultimate parent 同一最終控制人	Shanzhong Jianji 山重建機
Shantui Road Machinery Co., Ltd 山推道路機械有限公司	Same ultimate parent 同一最終控制人	Shantui Road 山推道路

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Particulars of other related parties which entered into material transactions with the Group (Continued)

十、關聯方關係及其交易(續)

4. 與本集團發生重大交易的其他關聯方情況(續)

	Related party relationships 關聯方關係	Referred to as 簡稱
Shantui Dubai Company 山推迪拜公司	Same ultimate parent 同一最終控制人	Shantui Dubai 山推迪拜
Shandong Shantui Construction Machinery Import & Export Co., Ltd. 山東山推工程機械進出口有限公司	Same ultimate parent 同一最終控制人	Shantui Import & Export 山推進出口
Beiqi Foton Motor Co., Ltd. 北汽福田汽車股份有限公司	Same key management personnel 同一關鍵管理人員	Beiqi Foton 北汽福田
Shaanxi Automotive Holdings Group Co., Ltd. 陝西汽車控股集團有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Shaanxi Automotive Holdings 陝汽控股
Shaanxi Automobile Industry Co., Ltd. 陝汽實業有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Shaanxi Industry 陝汽實業
Shaanxi Automotive Group Co., Ltd. 陝西汽車集團有限責任公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Shaanxi Automotive 陝汽集團
Shaanxi Fast Gear Automotive Transmission Co., Ltd. 陝西法士特汽車傳動集團有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Shaanxi Fast Gear Automotive 陝法傳動
Shaanxi Huazhen Vehicle Parts Co., Ltd. 陝西華臻車輛部件有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Huazhen Parts 華臻部件
Shaanxi Huazhen Sancan Industry and Trading Services Co., Ltd. 陝西華臻工貿服務有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Huazhen Services 華臻服務
Shaanxi Tongli Special Purpose Vehicle Co., Ltd. 陝西通力專用汽車有限責任公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Tongli Special Purpose 通力專用
Shaanxi Lantong Transmission Axle Co., Ltd. 陝西藍通傳動軸有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Lantong Transmission 藍通傳動軸
Baoji Huashan Engineering Vehicles Co., Ltd. 寶雞華山工程車輛有限責任公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Baoji Vehicle 寶雞車輛
Xi'an Lande New Energy Automotive Technology Development Co., Ltd. 西安蘭德新能源汽車技術開發有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Lande New Energy 蘭德新能源

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Particulars of other related parties which entered into material transactions with the Group (Continued)

十、關聯方關係及其交易(續)

4. 與本集團發生重大交易的其他關聯方情況(續)

	Related party relationships 關聯方關係	Referred to as 簡稱
Shaanxi Wanfang Vehicle Parts and Components Co. Ltd. 陝西萬方汽車零部件有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Shaanxi Wanfang 陝西萬方
Shaanxi Fangyuan Automobile Standard Components Co. Ltd. 陝西方圓汽車標準件有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Fangyuan Automobile 方圓汽車
Shaanxi Automobile Group Xunyang Baotong Special Purpose Vehicles Co., Ltd. 陝西汽車集團旬陽寶通專用車有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Xunyang Baotong 旬陽寶通
Shaanxi Automobile Group Yan'an Special Purpose Vehicles Co., Ltd. 陝西汽車集團延安專用車有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Yan'an Special Purpose Vehicles 延安專用車
Shaanxi Dongming Automobile System Co., Ltd 陝西東銘車輛系統股份有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Dongming Automobile 東銘車輛
Shaanxi Zhongfu IDT Technology Co., Ltd 陝西中富物聯科技服務有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Shaanxi Zhongfu 陝西中富
Shaanxi Shaanqi Auto City Hotel Co., Ltd. 陝西陝汽車城酒店有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Shaanqi Auto City 陝汽車城
Shanghai Yuanxing Supply Chain Management (Group) Limited 上海遠行供應鏈管理有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Yuanxing Supply Chain 遠行供應鏈
Shaanxi Zhongjiao Tianjian Vehicle Net Information Technology Co., Ltd. 陝西中交天健車聯網信息技術有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Zhongjiao Tianjian 中交天健
Shaanxi Deyin Logistic Services Co., Ltd. 陝西德銀物流服務有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Deyin Logistic 德銀物流
Shaanxi Deyin Leasing Co., Ltd 德銀融資租賃有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Deyin Leasing 德銀租賃
Shaanxi Dongfeng Axle And Transmission System Co., Ltd 陝西東風車橋傳動系統股份有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Dongfeng Axle 東風車橋

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Particulars of other related parties which entered into material transactions with the Group (Continued)

十、關聯方關係及其交易(續)

4. 與本集團發生重大交易的其他關聯方情況(續)

	Related party relationships 關聯方關係	Referred to as 簡稱
Shaanxi Tongchuang Huaheng Vehicle Radiator Co. Ltd. 陝西同創華亨汽車散熱有限責任公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Tongchuang Huaheng 同創華亨
Shaanxi Automobile Group Changsha Huantong Automobile Manufacturing Co., Ltd. 陝西汽車集團長沙環通汽車製造有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Changsha Huantong 長沙環通
Shaanxi Automobile Group Wenzhou Yunding Automobile Co., Ltd. 陝西汽車集團溫州雲頂汽車有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Wenzhou Yunding 溫州雲頂
Shaanxi Wanfang Tianyun Vehicle Equipment Co. Ltd. 陝西萬方天運汽車電器有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Wanfang Tianyun 萬方天運
Shaanxi Huazhen Vehicle Parts Co., Ltd. 陝西華臻汽車零部件有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Huazhen Parts 華臻零部件
Shaanxi Sanzhen Vehicle Parts Co., Ltd. 陝西三臻汽車零部件有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Sanzhen Vehicles 三臻汽車
Xinjiang Yuanxing Logistics Co., Ltd. 新疆遠行物流有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Xinjiang Yuanxing 新疆遠行
Shanxi Yuanxing Logistics Services Co., Ltd. 山西遠行物流服務有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Shanxi Yuanxing 山西遠行
Shaanxi Automobile Group Properties Development Co., Ltd. 陝西汽車集團房地產開發有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Shanqi Properties 陝汽房地產
Eaton Industries Private Limited 伊頓工業私人有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Eaton Private 伊頓私人
Shaanxi Deshi Vehicle Components (Group) Co., Ltd. 陝西德仕汽車部件(集團)有限責任公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Deshi Components 德仕部件
Xi'an Deshi Vehicle Components Parts Co., Ltd. 西安德仕汽車零部件有限責任公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Deshi Parts 德仕零部件

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Particulars of other related parties which entered into material transactions with the Group (Continued)

十、關聯方關係及其交易(續)

4. 與本集團發生重大交易的其他關聯方情況(續)

	Related party relationships 關聯方關係	Referred to as 簡稱
Inner Mongolia Yuanxing Supply Chain Management Co., Ltd. 內蒙古遠行供應鏈管理有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Inner Mongolia Yuanxing 內蒙古遠行
Shaanxi Huazhen Automobile Filtration System Co., Ltd. 陝西華臻汽車濾清系統有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Huazhen Filtration 華臻濾清
Zhuzhou Gear Company Limited 株洲齒輪股份有限公司	Same key management personnel as subsidiaries 與子公司為同一關鍵管理人員	Zhuzhou Company 株齒股份
Zhuzhou Automobile Gear Factory 株洲汽車齒輪廠	Same key management personnel as subsidiaries 與子公司為同一關鍵管理人員	Zhuzhou Gear Factory 株齒廠
Xi'an FC Intelligence Transmission Co., Ltd. 西安雙特智能傳動有限公司	Jointly-controlled enterprise of subsidiaries 子公司之合營企業	FC Intelligence Transmission 雙特傳動
Shaanxi Tonghui Automotive Transportation Co., Ltd. 陝西通匯汽車物流有限公司	Associate of subsidiaries 子公司之聯營企業	Tonghui Transportation 通匯物流
CIMC-SHAC (Xi'an) Special Vehicles Co., Ltd. 中集陝汽重卡(西安)專用車有限公司	Associate of subsidiaries 子公司之聯營企業	CIMC-SHAC 中集重卡
Xi'an Cummins Engine Co., Ltd. 西安康明斯發動機有限公司	Associate of subsidiaries 子公司之聯營企業	Xi'an Cummins 西安康明斯
Baoding Shanqi Tianma Automobile Co., Ltd. 保定陝汽天馬汽車有限公司	Associate of subsidiaries 子公司之聯營企業	Shanqi Tianma 陝汽天馬
Shaanxi Eurostar Auto Co., Ltd. 陝西歐舒特汽車股份有限公司	Associate of subsidiaries 子公司之聯營企業	Eurostar 歐舒特
Shaanxi Automobile Wuhai Special Vehicles Co., Ltd. 陝汽烏海專用汽車有限公司	Associate of subsidiaries 子公司之聯營企業	Shaanxi Wuhai 陝汽烏海
Weichai Power Westport New Energy Engine Co., Ltd. 濰柴西港新能源動力有限公司	Associate of parent 母公司之聯營企業	Westport New Energy 西港新能源

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major transactions between the Group and its related parties

(1) Transaction of goods and services with related parties

Purchase of goods from related parties (excluding tax)

十、關聯方關係及其交易(續)

5. 本集團與關聯方的主要交易

(1) 關聯方商品和勞務交易

自關聯方購買商品(不含稅)

		2016	2015
		2016年	2015年
Shaanxi Fast Gear Automotive	陝法傳動	2,564,824,108.46	1,823,165,163.63
Westport New Energy	西港新能源	959,290,001.80	1,032,309,946.50
Baoji Vehicle	寶雞車輛	889,405,759.11	39,052,745.38
Shaanxi Wanfang	陝西萬方	802,898,937.75	465,731,337.56
Shaanxi Wuhai	陝汽烏海	511,743,368.35	19,313.52
Xi'an Cummins	西安康明斯	409,616,105.03	214,120,641.62
Weichai Import and Export	濰柴進出口	378,666,819.15	479,062,398.36
Tongli Special Purpose	通力專用	314,553,794.64	441,446,468.67
Weichai Heavy-duty Machinery	濰柴重機	291,323,530.45	187,006,868.15
Huazhen Compnents	華臻零部件	278,659,241.70	130,653,823.70
Wanfang Tianyun	萬方天運	226,695,162.19	-
Lantong Transmission	藍通傳動軸	114,776,788.02	82,146,217.88
CIMC-SHAC	中集重卡	112,403,645.30	45,990,887.86
Zhongjiao Tianjian	中交天健	105,231,274.51	51,538,628.96
Tongchuang Huaheng	同創華亨	71,610,369.27	36,832,741.96
Huazhen Parts	華臻部件	58,157,672.04	63,053,445.58
Dongming Automobile	東銘車輛	52,888,328.73	36,145,353.20
Fangyuan Automobile	方圓汽車	52,774,334.22	42,190,130.49
FC Intelligence Transmission	雙特傳動	29,506,459.28	61,456,408.84
Others	其他	832,133,223.59	931,674,921.75
		9,057,158,923.59	6,163,597,443.61

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major transactions between the Group and its related parties (Continued)

(1) Transaction of goods and services with related parties (Continued)

Receiving services from related parties

		2016 2016年	2015 2015年
Weichai Group Holdings	濰柴控股	281,672,098.27	301,021,068.76
Shaanxi Fast Gear Automotive	陝法傳動	241,476,001.95	35,075,114.44
Tonghui Transportation	通匯物流	119,659,224.47	98,244,127.49
Shaanxi Industry	陝汽實業	41,436,860.14	56,114,605.62
Chongqing Weichai	重慶濰柴	25,103,109.92	30,454,859.31
Others	其他	111,968,997.06	230,983,929.93
		821,316,291.81	751,893,705.55

Rendering services to related parties

向關聯方提供勞務

		2016 2016年	2015 2015年
Weichai Heavy-duty Machinery	濰柴重機	10,471,200.22	17,633,911.41
Weichai Import and Export	濰柴進出口	9,979,354.85	7,158,962.88
Shaanxi Industry	陝汽實業	8,124,593.95	7,609,290.90
Others	其他	34,175,515.34	151,625,105.26
		62,750,664.36	184,027,270.45

Note 1: From January to December 2016, Tonghui Transportation provided comprehensive services including agency procurement, warehousing, logistics distribution and receipt and payment services to Shaanxi Heavy-duty Motor Co., Ltd, a subsidiary of the Company. Agency services provided by Tonghui Transportation to Shaanxi Heavy-duty Motor Co., Ltd. amounted to RMB119,659,224.47 (2015: RMB98,244,127.49), and goods purchased by Tonghui Transportation on behalf of Shaanxi Heavy-duty Motor Co., Ltd. amounted to RMB1,095,761,983.19 (2015: RMB1,830,864,325.06) during this year.

註1: 於2016年1-12月, 通匯物流為本公司之子公司陝西重型汽車有限公司提供代理採購、倉儲、物流配送及代為收付等綜合服務。本年陝西重型汽車有限公司接受通匯物流的代理服務金額為人民幣119,659,224.47元(2015年: 人民幣98,244,127.49元), 代理採購的貨物金額為人民幣1,095,761,983.19元(2015年: 人民幣1,830,864,325.06元)。

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major transactions between the Group and its related parties (Continued)
- (1) Transaction of goods and services with related parties (Continued)
- Sale of goods to related parties (excluding tax)

十、關聯方關係及其交易(續)

5. 本集團與關聯方的主要交易(續)
- (1) 關聯方商品和勞務交易(續)
- 向關聯方銷售商品(不含稅)

		2016	2015
		2016年	2015年
Shaanxi Fast Gear Automotive	陝法傳動	1,442,541,862.23	1,059,247,671.91
Yangzhou Yaxing	揚州亞星	851,957,270.97	215,310,443.72
Westport New Energy	西港新能源	546,410,080.08	576,135,851.50
Weichai Import and Export	濰柴進出口	468,238,048.33	371,711,728.93
Beiqi Foton	北汽福田	404,261,999.95	389,009,577.84
Shaanxi Wuhai	陝汽烏海	357,768,976.10	12,537,867.14
Baoji Vehicle	寶雞車輛	289,135,650.80	178,904,569.72
Weichai Electric	濰柴電力	236,369,152.86	234,027,845.06
Shaanxi Wanfang	陝西萬方	166,347,910.23	177,628,622.17
Tongli Special Purpose	通力專用	160,877,726.38	48,106,774.79
Huazhen Components	華臻零部件	102,214,284.28	41,190,420.60
Weichai Heavy-duty Machinery	濰柴重機	86,595,757.68	143,083,560.69
Shantui Engineering	山推工程	71,047,316.55	33,756,215.82
Zhongjiao Tianjian	中交天健	66,536,510.32	395.26
Shaanxi Zhongfu	陝西中富	56,404,914.44	33,721,677.04
Huazhen Parts	華臻部件	20,962,224.21	31,938,712.41
Others	其他	1,753,299,019.74	1,725,404,760.24
		7,080,968,705.15	5,271,716,694.84

During the year, the prices for the Group's sale of goods and rendering of services to related parties as well as purchase of goods and receiving services from related parties were determined with reference to market rates.

本年度，本集團向關聯方銷售商品、提供勞務價格、採購商品及接受勞務參考市場價格決定。

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major transactions between the Group and its related parties (Continued)

(2) Leasing with related parties
As lessor

				2016	2015
				2016年	2015年
Type of leased property				Lease revenue	Lease revenue
租賃資產種類				租賃收入	租賃收入
FC Intelligence Transmission	雙特傳動	Buildings and equipment	房屋設備	15,836,975.70	16,223,243.40
Westport New Energy	西港新能源	Buildings	房屋	7,788,751.28	10,552,660.00
Shanzhong Finance Leasing	山重融資租賃	Buildings	房屋	6,218,941.64	5,979,706.08
Weichai Electric	濰柴電力	Buildings	房屋	4,653,156.79	4,500,000.00
Weichai Import and Export	濰柴進出口	Buildings	房屋	3,084,735.00	3,125,978.64
Shaanxi Industry	陝汽實業	Buildings	房屋	120,183.00	398,037.60
Tonghui Transportation	通匯物流	Buildings and equipment	房屋設備	-	10,045,275.69
Xi'an Cummins	西安康明斯	Buildings, equipment and land	房屋設備土地	-	8,252,683.68
Huazhen Parts	華臻部件	Buildings and equipment	房屋設備	-	3,432,815.06
Shaanqi Auto City	陝汽車城	Buildings	房屋	-	435,339.00
Shaanxi Wanfang	陝西萬方	Buildings	房屋	-	322,099.20

As Lessee

作為承租人

				2016	2015
				2016年	2015年
Type of leased property				Lease fee	Lease fee
租賃資產種類				租賃費	租賃費
Shaanxi Fast Gear Automotive	陝法傳動	Buildings	房屋	16,923,176.51	13,217,496.56
Shaanxi Industry	陝汽實業	Buildings	房屋	15,900,219.67	18,621,764.64
Weichai Group Holdings	濰柴控股	Buildings	房屋	6,233,291.85	7,571,077.73
Shaanxi Automotive	陝汽集團	Buildings	房屋	4,016,886.42	2,812,212.96
Chongqing Weichai	重慶濰柴	Buildings	房屋	4,000,000.00	4,000,000.00
Zhuzhou Company	株齒股份	Buildings	房屋	-	4,666,800.00

During the year, the prices for the Group's leasing with related parties were determined with reference to market rates.

本年度，本集團與關聯方租賃業務價格參考市場價格決定。

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major transactions between the Group and its related parties (Continued)

(3) Transfer of assets with related parties

十、關聯方關係及其交易(續)

5. 本集團與關聯方的主要交易(續)

(3) 關聯方資產轉讓

				Particulars of transaction	2016	2015
				交易內容	2016年	2015年
Shaanxi Fast Gear Automotive	陝法傳動	Purchase of fixed assets	購買固定資產		-	268,887.01
Weichai Import and Export	濰柴進出口	Purchase of fixed assets	購買固定資產		45,949.40	2,199,239.66
Weichai Heavy-duty Machinery	濰柴重機	Purchase of fixed assets	購買固定資產		8,904.99	4,104.63
Weichai Heavy-duty Machinery	濰柴重機	Sale of fixed assets	出售固定資產		214,810.82	3,685,493.49
Weichai Group Holdings	濰柴控股	Purchase of fixed assets	購買固定資產		221,329.12	974,176.22
Weichai Group Holdings	濰柴控股	Sale of fixed assets	出售固定資產		201,049.46	150,020.21
Chongqing Weichai	重慶濰柴	Purchase of fixed assets	購買固定資產		47,578.19	-
Weichai Electric	濰柴電力	Sale of fixed assets	出售固定資產		5,623.94	8,682.67

During the year, the Group's purchase and sale of fixed assets from and to related parties were on prices determined with reference to market rates.

Except for the transactions with associates, all the above transactions of goods and services with related parties, leasing with related parties and transfer of assets with related parties also constitute connected transactions or continuing connected transactions as defined under Chapter 14A of the Hong Kong Listing Rules.

本年度，本集團向關聯方採購和銷售固定資產價格參考市場價格決定。

除與聯營公司進行之交易外，所有上述關聯方商品和勞務交易、關聯方租賃及關聯方資產轉讓同時構成《香港上市規則》第14A章中定義的關連交易或持續關連交易。

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major transactions between the Group and its related parties (Continued)

(4) Other related party transactions

- (a) Deyin Leasing provides Shaanxi Heavy-duty Motor Company Limited, a subsidiary in the Group, with services of financial leasing. It was agreed among Deyin Leasing and third-party distributors that for the vehicle monies of related business to be receivable by the Group from distributors, Deyin Leasing may take up the payment obligation on behalf of the distributors. In 2016, the amount of vehicle sales through this business mode amounted to RMB2,797,296,000.00 (2015: RMB1,442,696,040.00).
- (b) Shanzhong Finance Leasing provides Shaanxi Heavy-duty Motor Company Limited, a subsidiary in the Group, with services of financial leasing. In 2016, the amount of vehicle sales through this business mode amounted to RMB839,317,647.00 (2015: RMB393,395,717.00). Shaanxi Heavy-duty Motor Company Limited guaranteed repurchase of physical assets upon presentation in respect of the failure to pay the instalment payments and interests under the finance lease. The balance of rental of repurchase of physical assets upon presentation (being outstanding balance of principal on finance lease borrowings) was RMB922,960,000.00 (31 December 2015: RMB728,010,000.00). For details, see Note XII.3.

十、關聯方關係及其交易(續)

5. 本集團與關聯方的主要交易(續)

(4) 其他關聯方交易

- (a) 德銀租賃為本集團之子公司陝西重型汽車有限公司提供融資租賃業務，德銀租賃和第三方經銷商同意對於本集團應收經銷商的相關業務的車款，可由德銀租賃代經銷商承擔付款義務。2016年通過該種業務模式銷售的車輛金額為人民幣2,797,296,000.00元(2015年：人民幣1,442,696,040.00元)。
- (b) 山重融資租賃為本集團之子公司陝西重型汽車有限公司提供融資租賃業務，2016年通過該種業務模式銷售的車輛金額為人民幣839,317,647.00元(2015年：人民幣393,395,717.00元)。陝西重型汽車有限公司為融資租賃的承租方未能支付的融資租賃分期付款及利息提供見物回購責任，見物回購租金餘額(即尚未到期的融資租賃貸款本金餘額)為人民幣922,960,000.00元(2015年12月31日：人民幣728,010,000.00元)。具體情況參見附註十二、3。

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major transactions between the Group and its related parties (Continued)

(4) Other related party transactions (Continued)

- (c) On 30 March 2016, the Group entered into the Financial Services Agreement with Shandong Heavy Industry Group Finance Co., Ltd. (“Shandong Heavy Industry Finance Company”). Pursuant to the agreement, Shandong Heavy-duty Finance Company provided deposit, credit, accounting and clearing services as well as other financial services to the Company and its controlling subsidiaries. The interest rates for credit relating to financial services as well as fee rates are determined according to the Financial Services Agreement and based upon the relevant requirements of the People’s Bank of China’s under which the lending rate shall not exceed the minimum level permitted under the interest rates and fee rates for money lending of similar types and categories available to the Group from other major commercial banks in the PRC.

Shandong Heavy Industry Group Finance Co., Ltd. provides distributors of Shaanxi Heavy-duty Motor Company Limited, a subsidiary in the Group, with credit line to apply for establishing bank acceptance bills for the purchase of products from Shaanxi Heavy-duty Motor Company Limited. In 2016, the credit line amounted to RMB1,000,000,000.00 (2015: nil). Shaanxi Heavy-duty Motor Co., Ltd. assumes security obligation in favour of the distributors for the difference between amount of notes and guarantee money. As at 31 December 2016, open position of outstanding acceptance bill was RMB761,079,080.00 (31 December 2015: Nil). For details, see Note XII.2.

十、關聯方關係及其交易(續)

5. 本集團與關聯方的主要交易(續)

(4) 其他關聯方交易(續)

- (c) 本集團與山東重工集團財務有限公司(「山東重工財務公司」)於2016年3月30日簽訂《金融服務協議》，根據協議，山東重工財務公司為公司及控股子公司提供存款、信貸、結算及其他金融服務等。有關金融服務信貸利率和費率根據《金融服務協議》滿足中國人民銀行有關貸款利率相關規定的基礎上不高於本集團在其他中國國內主要商業銀行取得的同類同檔次信貸利率及費率允許的最低水平確定。

山東重工財務公司為本集團之子公司陝西重型汽車有限公司的經銷商提供授信額度，申請開立銀行承兌匯票用於購買陝西重型汽車有限公司產品，2016年的授信額度為人民幣1,000,000,000.00元(2015年：無)。陝西重型汽車有限公司為經銷商提供票據金額與保證金之間差額的退款保證責任。截至2016年12月31日，尚未到期的承兌匯票敞口額為人民幣761,079,080.00元(2015年12月31日：無)。具體情況參見附註十二、2。

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major transactions between the Group and its related parties (Continued)

(4) Other related party transactions (Continued)

(c) (Continued)

Amounts of transactions with Shandong Heavy Industry Finance Company are as follows:

		2016 2016年	2015 2015年
Bank deposit placed	存放銀行存款	83,219,408,625.89	93,325,662,432.02
Interest income	利息收入	221,360,031.88	368,207,775.75
Interest expenses	利息支出	21,483,169.02	9,339,068.14
Acquisition of short-term borrowings	取得短期借款	380,000,000.00	150,000,000.00
Acquisition of long-term borrowings	取得長期借款	200,000,000.00	120,807,751.45
Establishment of bank acceptance bills	開具銀行承兌匯票	2,331,103,738.24	1,464,753,693.50

Balances of accounts with Shandong Heavy Industry Finance Company are as follows:

		2016 2016年	2015 2015年
Cash and cash equivalents placed with related parties	存放關聯方的貨幣資金	10,745,194,399.87	12,774,621,129.49
Interest receivable	應收利息	24,849,593.75	51,793,725.00
Short-term borrowings	短期借款	280,000,000.00	120,000,000.00
Long-term borrowings	長期借款	320,807,751.45	120,807,751.45
Non-current liabilities due within one year	一年內到期的非流動負債	-	100,000,000.00
Balance of bank acceptance bills established	開具的銀行承兌匯票餘額	1,415,148,726.14	659,973,521.56

十、關聯方關係及其交易(續)

5. 本集團與關聯方的主要交易(續)

(4) 其他關聯方交易(續)

(c) (續)

本集團與山東重工財務公司發生的各項交易額如下：

本集團與山東重工財務公司的各項往來餘額如下：

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties

十、關聯方關係及其交易(續)

6. 關聯方應收應付款項餘額

		2016 2016年		2015 2015年	
		Gross carrying amount 賬面餘額	Provision for bad debt 壞賬準備	Gross carrying amount 賬面餘額	Provision for bad debt 壞賬準備
Accounts receivable	應收賬款				
Weichai Heavy-duty Machinery	濰柴重機	324,413,275.44	(17,347,653.46)	96,837,387.27	(6,728,851.84)
Changsha Huantong	長沙環通	66,364,433.92	(10,142,527.80)	71,246,913.98	(14,770,406.04)
Weichai Import and Export	濰柴進出口	38,564,169.59	(1,145,968.25)	22,335,223.14	(917,168.91)
Shengda Special Vehicles	盛達特種車	36,272,171.37	(455,443.36)	38,991,681.68	(1,939,409.08)
Eurostar	歐舒特	34,826,235.46	(31,109,172.29)	40,881,105.39	(27,384,919.49)
Shaanxi Wuhai	陝汽烏海	30,470,948.92	-	24,790,783.50	-
Beiqi Foton	北汽福田	28,527,662.61	(1,280,369.94)	52,398,951.88	(2,710,424.98)
Yan'an Special Purpose Vehicles	延安專用車	24,287,584.00	(3,643,137.60)	25,332,584.00	(1,266,629.20)
Westport New Energy	西港新能源	16,032,703.29	(1,241,436.84)	75,498,168.59	(3,034,017.26)
Weichai Electric	濰柴電力	5,371,562.49	(184,784.19)	37,385,429.48	(1,869,271.47)
Yuanxing Supply Chain	遠行供應鏈	4,468,587.00	(223,429.35)	52,382,380.00	(7,372,807.00)
Yangzhou Yaxing	揚州亞星	3,520,810.62	(179,770.53)	32,360,380.91	(1,609,883.47)
Others	其他	368,790,090.49	(76,542,466.46)	377,265,673.88	(11,110,980.50)
		981,910,235.20	(143,496,160.07)	947,706,663.70	(80,714,769.24)
Other receivables	其他應收款				
Shanqi Properties	陝汽房地產	42,893,614.55	(2,144,680.73)	-	-
Shaanxi Industry	陝汽實業	24,318,160.88	(1,215,908.04)	-	-
Shanqi Tianma	陝汽天馬	13,778,740.01	(10,101,939.02)	13,778,740.01	(10,872,216.01)
Weichai Holding	濰柴控股	-	-	165,225,221.69	-
Others	其他	123,764,005.07	(77,320.13)	105,943,999.46	(94,921.17)
		204,754,520.51	(13,539,847.92)	284,947,961.16	(10,967,137.18)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

十、關聯方關係及其交易(續)

6. 關聯方應收應付款項餘額(續)

		2016 2016年	2015 2015年
Notes receivable (Bank acceptance bills)	應收票據(銀行承兌匯票)		
Yangzhou Yaxing	揚州亞星	988,141,666.27	214,260,430.29
Weihai Import and Export	濰柴進出口	120,000,000.00	53,000,000.00
Shengda Special Vehicles	盛達特種車	26,252,400.00	32,153,400.00
Weichai Heavy-duty Machinery	濰柴重機	214,452.64	152,000,000.00
Deyin Leasing	德銀租賃	-	83,700,000.00
Baoji Vehicle	寶雞車輛	-	32,000,000.00
Beiqi Foton	北汽福田	-	22,280,000.00
Others	其他	4,514,685.61	39,587,247.56
		1,139,123,204.52	628,981,077.85
Prepayments	預付款項		
Tongli Special Purpose	通力專用	99,359,542.70	-
Deyin Logistic	德銀物流	-	33,341,774.27
Others	其他	24,092,820.49	35,280,091.10
		123,452,363.19	68,621,865.37
Dividends receivable	應收股利		
Eurostar	歐舒特	3,040,000.00	3,040,000.00
Tonghui Transportation	通匯物流	-	3,440,000.00
		3,040,000.00	6,480,000.00
Accounts payable	應付帳款		
Shaanxi Fast Gear Automotive	陝法傳動	527,121,336.98	359,348,397.64
Shaanxi Wanfang	陝西萬方	381,730,772.38	104,896,021.22
Baoji Vehicle	寶雞車輛	273,058,319.43	16,731,838.32
Tonghui Transportation	通匯物流	151,296,304.97	543,027,580.74
Xi'an Cummins	西安康明斯	142,733,834.53	39,103,656.61
Weichai Import and Export	濰柴進出口	121,327,050.32	139,429,864.04
Huazhen Parts	華臻零部件	102,087,231.25	29,711,512.81
Tongli Special Purpose	通力專用	79,724,135.24	162,781,843.66
Wanfang Tianyun	萬方天運	57,670,422.89	-
Zhongjiao Tianjian	中交天健	51,767,055.50	16,145,661.91
Lantong Transmission	藍通傳動軸	46,976,722.03	28,014,092.40
FC Intelligence Transmission	雙特傳動	45,286,337.85	623,454.33
Tongchuang Huaheng	同創華亨	44,422,501.69	12,700,446.51
Fangyuan Automobile	方圓汽車	33,526,942.88	9,949,774.00
CIMC-SHAC	中集重卡	11,473,816.06	26,321,527.10
Others	其他	137,862,645.79	130,513,541.48
		2,208,065,429.79	1,619,299,212.77

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

十、關聯方關係及其交易(續)

6. 關聯方應收應付款項餘額(續)

		2016 2016年	2015 2015年
Notes payable (Bank acceptance bills)	應付票據(銀行承兌匯票)		
Westport New Energy	西港新能源	281,385,612.56	186,257,619.46
Tonghui Transportation	通匯物流	280,541,759.68	494,975,712.00
Shaanxi Wanfang	陝西萬方	256,845,963.08	80,800,000.00
Baoji Vehicle	寶雞車輛	209,275,000.00	-
Xi'an Cummins	西安康明斯	57,500,000.00	39,500,000.00
Lantong Transmission	藍通傳動軸	7,178,911.11	18,047,191.18
Tongli Special Purpose	通力專用	3,221,214.76	9,252,067.88
Others	其他	38,092,742.88	11,804,973.08
		1,134,041,204.07	840,637,563.60
Prepayments	預收款項		
Shaanxi Wuhai	陝汽烏海	88,137,318.67	-
Huazhen Parts	華臻部件	2,949,128.00	314,500.64
Baoji Vehicle	寶雞車輛	1,242,509.00	5,037,163.00
Tongli Special Purpose	通力專用	904,788.96	72,196.00
Others	其他	6,597,142.73	431,250.59
		99,830,887.36	5,855,110.23
Other payables	其他應付款		
Shaanxi Industry	陝汽實業	61,247,157.09	73,980,291.12
Shaanxi Automotive	陝汽集團	36,015,492.90	60,623,678.82
Others	其他	80,335,967.09	72,695,536.12
		177,598,617.08	207,299,506.06
Dividends payable	應付股利		
Shaanxi Automotive	陝汽集團	21,070,000.00	2,940,000.00
Long-term payables	長期應付款		
Other immaterial associates	其他非重大聯營企業	244,543,982.40	229,501,339.20
Non-current liabilities due within one year	一年內到期的非流動負債		
Other immaterial associates	其他非重大聯營企業	119,882,667.60	126,734,462.40

Other than long-term payables and non-current liabilities due within one year, amounts due from/to related parties were non-interest bearing and unsecured. Of which the terms of repayment for amounts of trading nature will follow the requirement of terms of trading, while amounts of non-trading nature have no fixed terms of repayment.

除長期應付款、一年內到期的非流動負債以外，應收及應付關聯方款項均不計利息、無抵押，其中，貿易往來的還款期遵從貿易條款規定，非貿易往來無固定還款期。

XI. SHARE - BASED PAYMENT

Share-based Payment Project Applicable to Staff Members of KION

On 1 October 2014, KION GROUP AG introduced a share-based payment project applicable to KION's staff members in Germany (Project 2014). Since 1 October 2015, KION GROUP AG introduced its share-based payment projects applicable to its staff members in Germany, China, United Kingdom, France and Italy (Project 2015). On 4 October 2016, KION GROUP AG introduced its share-based payment project applicable to its staff members in Belgium, Czech, New Zealand, Poland, Portugal, Spain and the staff members included in the previous years (Project 2016). Under Project 2016, a staff member may participate in the project by giving a declaration of acceptance during the period from 5 to 31 October 2016. Only those who have, before the commencement of the agreement, signed permanent employment contract with KION GROUP AG and been working for KION GROUP AG for at least one year are qualified to participate in the project. Currently, KION GROUP AG, 14 German subsidiaries (2015: 12) and 53 overseas subsidiaries (2015: 34) have participated in Project 2016. KION GROUP AG will consider extending the coverage of project to more countries in the years to come.

Under the share-based payment project for staff members, a participating staff member will, through a share placement plan, be entitled to one bonus share, free of charge, to match with every three shares in KION GROUP AG that have been held for three years. KION GROUP AG is entitled to provide cash payments in lieu of the grant of bonus shares. To motivate staff's participation in this project, KION GROUP AG will grant a first-time participant, on a free-of-charge basis, one share to correspond with every 18 shares initially purchased by him/her/it. If the participant has sold the shares of KION GROUP AG or no longer works for KION GROUP AG, he/she/it will no longer be eligible for such right to receive such free-of-charge shares. Fair value of the equity-settled share-based payment as at each assessment date is assessed using Monte-Carlo simulation, with the following key parameters for measurement:

Parameters for measurement (EUR)	計量參數(歐元)	Project 2016 2016項目	Project 2015 2015項目
Dividend yield	股息生息率	0.88	0.88
Share price of KION GROUP AG on date of grant	授予日KION GROUP AG股價	55.02	41.01

十一、股份支付

KION員工股份支付項目

2014年10月1日，KION GROUP AG引進一項面向德國公司的員工KION員工股份支付項目(2014項目)，KION GROUP AG自2015年10月1日起面向德國、中國、英國、法國和意大利公司的員工實施員工股份支付項目(2015項目)。2016年10月4日，KION GROUP AG面向比利時、捷克、新西蘭、波蘭、葡萄牙、西班牙和以前年度包涵在該計劃內國家的員工實施一項員工股份支付項目(2016項目)。2016項目中的員工可以自2016年10月5日至31日通過發表一個接受聲明參與本項目，只有在協議開始前已與KION GROUP AG簽訂了永久僱傭合同，且參與工作至少一年的員工才有資格加入本項目。目前參與2016項目的有KION GROUP AG及14個(2015年：12個)德國子公司和53個(2015年：34個)德國以外的子公司，KION GROUP AG考慮在以後年度將這個項目拓展到更多的國家。

員工股份支付項目通過配股計劃對參與員工持有的每三股KION GROUP AG股票滿三年時有權獲得一股免費的匹配紅股，KION GROUP AG有權通過現金支付替代授予紅股。KION GROUP AG為激勵員工參與本項目，對首次參與本項目的員工最初購買的每18股股票無償贈送一股股票。如果本項目參與者出售了KION GROUP AG的股票或者離職，將無權獲得無償股票。授予的以權益結算股份支付於每個評估日採用蒙特·卡羅模型評估公允價值，具體重要計量參數如下：

XI. SHARE-BASED PAYMENT (CONTINUED)

Share-based Payment Project Applicable to Staff Members of KION (Continued)

Movements in the number of bonus shares granted to staff members of KION GROUP AG are as follows:

Shares	股票(股數)	2016 2016年	2015 2015年
Opening balance	年初數	53,220	29,116
Granted during the year	本年授予	15,188	24,504
Lapsed during the year	本年失效	(1,302)	(400)
Closing balance	年末數	67,106	53,220

In 2016, 15,188 (2015: 24,504) bonus shares were granted by KION GROUP AG, among which 1,302 (2015: 400) shares have lapsed. In addition, 2,282 (2015: 8,740) free-of-charge shares have been granted by KION GROUP AG. As at 31 December 2016, the fair value of the bonus shares under the project was EUR52.51 per share (2015: EUR 38.57 per share). In 2016, total costs recognized in respect of equity-settled share-based payments in relation to the project was EUR709,000.00, equivalent to RMB5,180,521.20 (2015: EUR636,000.00, equivalent to RMB4,417,656.00).

Share Incentive Scheme Applicable to KION Managers

In March 2016, a Share Incentive Scheme implemented by KION GROUP AG became applicable to managers with retrospective effect from 1 January 2016, for a term of three years (KION 2016 Senior Management Long-term Incentive Scheme). At the beginning of the period subject to appraisal, on 1 January 2016, 180,963 (2015: 228,182) virtual shares with specific fair value were granted to managers. Such virtual shares were apportioned in proportion to the total annual remuneration of the respective managers who were granted such shares.

The remuneration component measured over the long term is based in equal parts on the total shareholder return (TSR) of KION GROUP AG shares compared with the STOXX®Europe TMI Industrial Engineering index as a measure of market performance, and with return on capital employed (ROCE) as an internal measure. It also depends on the performance of KION GROUP AG shares during the relevant period.

十一、股份支付(續)

KION員工股份支付項目(續)

KION GROUP AG授予員工紅股數量的變動如下：

2016年，KION GROUP AG授予15,188股紅股(2015年：24,504股)，其中1,302股已失效(2015年：400股)；此外，2016年KION GROUP AG已無償贈送2,282股股票(2015年：8,740股)。截至2016年12月31日，本項目紅股的公允價值為每股52.51歐元(2015年：每股38.57歐元)。2016年，與本項目相關的以權益結算的股份支付確認的費用總額為歐元709,000.00，折合人民幣5,180,521.20元(2015年：歐元636,000.00，折合人民幣4,417,656.00元)。

KION經理股權激勵計劃

在2016年3月，KION GROUP AG對經理追溯實施了自2016年1月1日起為期三年的股權激勵計劃(KION 2016年高管長期激勵計劃)。在2016年1月1日績效考核初期，經理被授予180,963份具有特定公允價值的虛擬股份(2015年：228,182份)，該虛擬股份按照每位經理被授予股份時個人總年薪的相應比例進行分配。

KION GROUP AG的長期報酬的計量是基於公司全體股東的回報率，與作為計量市場業績的STOXX®歐洲TMI Industrial Engineering指數作比較，以及公司的已動用資本回報率(ROCE)作為內部計量基礎。該計量還取決於KION GROUP AG股價在相關期間內的表現。

XI. SHARE-BASED PAYMENT (CONTINUED)

Share Incentive Scheme Applicable to KION Managers (Continued)

The cash-settled share-based payment granted in 2016 is subject to appraisal for business performance during a period ending 31 December 2018, and the cash-settled share-based payment granted in 2015 is subject to appraisal for business performance during a period ending 31 December 2017. The cash-settled share-based payment granted in 2014 is subject to appraisal for business performance during a period ending 31 December 2016, and will be settled in the second quarter of 2017.

At the end of the performance period, the number of the virtual shares so granted is amended depending on the degree to which the relevant targets are achieved. The resulting final number of virtual shares multiplied by the smoothed price of KION GROUP AG shares at the end of the performance period determines the amount of cash actually paid. KION GROUP AG has the right to adjust it at the end of performance period when results or development performance is outstanding. The maximum amount payable is limited to 200 per cent of the value of the shares allotted to an individual at the grant date. Fair value of the cash-settled share-based payment as at each assessment date is assessed using Monte-Carlo simulation, with the following parameters for measurement:

十一、股份支付(續)

KION經理股權激勵計劃(續)

2016年度授予的以現金結算的股份支付的業績考核期是在2018年12月31日結束，2015年度授予的以現金結算的股份支付的業績考核期是在2017年12月31日結束，2014年授予的以現金結算的股份支付的業績考核期是在2016年12月31日結束，並在2017年的第二季度支付。

在業績考核期末，授予虛擬股份的數量會按照相關目標的完成程度進行修訂。修訂後的虛擬股份數量乘以KION GROUP AG在業績考核期末的平滑股價來決定最終實際需要支付的金額，KION GROUP AG有權在業績表現或發展突出的情況下在考核期末做調整。最終的支付金額以虛擬股份於授予日當天公允價值的200%為上限。授予的以現金結算的股份支付於每個評估日採用蒙特·卡羅模型評估公允價值，具體計量參數如下：

		Assessment date on 31 December 2016	
		評估日2016年12月31日	
Parameters for measurement (EUR)	計量參數(歐元)	2016 tranche 2016年份額	2015 tranche 2015年份額
Fluctuation of share price of KION GROUP AG	KION GROUP AG股價波動	30.0%	25.0%
STOXX®Europe TMI Industrial Engineering index	STOXX®歐洲TMI Industrial Engineering指數價格波動	20.0%	20.0%
Risk-free interest rate	無風險利率	(0.80%)	(0.83%)
Expected dividend yield	股息生息率	0.88	0.88
Share price of KION GROUP AG at valuation date	評估日KION GROUP AG股價	53.00	53.00
Price of STOXX®Europe TMI Industrial Engineering index at valuation date	評估日STOXX®歐洲TMI Industrial Engineering指數價格	243.00	243.00
60-day-average initial value of shares of KION GROUP AG	60日平均KION GROUP AG股票初始價格	43.45	29.06
60-day-average initial value of STOXX®Europe TMI Industrial Engineering index	60日平均STOXX®歐洲TMI Industrial Engineering指數初始價格	209.26	200.94

XI. SHARE-BASED PAYMENT (CONTINUED)

Share Incentive Scheme Applicable to KION Managers (Continued)

As at 31 December 2016, the fair value of the virtual shares granted in 2015 was EUR54.00 per share, amounting in aggregate to EUR10.9 million, equivalent to RMB79,644,120.00 (2015: EUR39.80 per share, amounting in aggregate EUR8,200,000.00, equivalent to RMB58,180,640.00); the fair value of the virtual shares granted in 2016 was EUR42.86 per share, amounting in aggregate to EUR7.7 million, equivalent to RMB56,262,360.00.

As at 31 December 2016, accumulated liabilities incurred from the cash-settled share-based payments amounted to EUR20,600,000.00, equivalent to RMB150,520,080.00 (31 December 2015: EUR8,400,000.00, equivalent to RMB59,599,680.00). In particular, EUR10,900,000.00 belonged to the 2014 tranche, which was equivalent to RMB79,644,120.00 (31 December 2015: EUR5,700,000.00, equivalent to RMB40,442,640.00), and EUR7,100,000.00 belonged to the 2015 tranche, which was equivalent to RMB51,878,280.00 (31 December 2015: EUR2,700,000.00, equivalent to RMB19,157,040.00). EUR2,600,000.00 belonged to the 2016 tranche, which was equivalent to RMB18,997,680.00.

In 2016, for the tranche granted in 2014, on a pro-rata basis, total costs recognized in respect of cash-settled share-based payments amounted to EUR5,200,000.00, equivalent to RMB38,078,560.00 (31 December 2015: EUR4,100,000.00, equivalent to RMB28,478,600.00). For the tranche granted in 2015, on a pro-rata basis, total costs recognized in respect of cash-settled share-based payments amounted to EUR4,300,000.00, equivalent to RMB31,488,040.00 (2015: EUR2,700,000.00, equivalent to RMB18,754,200.00). For the tranche granted in 2016, on a pro-rata basis, total costs recognized in respect of cash-settled share-based payments amounted to EUR2,600,000.00, equivalent to RMB19,039,280.00.

十一、股份支付(續)

KION經理股權激勵計劃(續)

截至2016年12月31日，2015年度授予的虛擬股份公允價值為每股54.00歐元，總價值共計歐元10,900,000.00，折合人民幣79,644,120.00元(2015年：每股39.80歐元，總價值共計歐元8,200,000.00折合人民幣58,180,640.00元)，2016年度授予的虛擬股份公允價值為每股42.86歐元，總價值共計歐元7,700,000.00，折合人民幣56,262,360.00元。

截至2016年12月31日，以現金結算的股份支付產生的累計負債金額為歐元20,600,000.00，折合人民幣150,520,080.00元(2015年12月31日：歐元8,400,000.00，折合人民幣59,599,680.00元)，其中，歐元10,900,000.00屬於2014年的授予份額，折合人民幣79,644,120.00元(2015年12月31日：歐元5,700,000.00，折合人民幣40,442,640.00元)，歐元7,100,000.00屬於2015年的授予份額，折合人民幣51,878,280.00元(2015年12月31日：歐元2,700,000.00，折合人民幣19,157,040.00元)，歐元2,600,000.00屬於2016年的授予份額，折合人民幣18,997,680.00元。

2016年，對於2014年授予的份額按比例以現金結算的股份支付確認的費用總額為歐元5,200,000.00，折合人民幣38,078,560.00元(2015年12月31日：歐元4,100,000.00，折合人民幣28,478,600.00元)，對於2015年授予的份額按比例以現金結算的股份支付確認的費用總額為歐元4,300,000.00，折合人民幣31,488,040.00元(2015年：歐元2,700,000.00，折合人民幣18,754,200.00元)，對於2016年授予的份額按比例以現金結算的股份支付確認的費用總額為歐元2,600,000.00，折合人民幣19,039,280.00元。

XI. SHARE-BASED PAYMENT (CONTINUED)**Share Incentive Scheme Applicable to KION Executive Board**

As part of the Share Incentive Scheme of KION GROUP AG, members of the Executive Board were granted virtual shares over a fixed period of time (2.5 years for the 2013 tranche and 3 years for the tranches in subsequent years). The remuneration component measured over the long term of members of the Executive Board is on the same basis of the share incentive scheme applicable to managers. On 1 January 2016, i.e. the beginning of the period subject to appraisal, 104,438 virtual shares (2015:189,075 shares) with specified fair value were granted to members of the Executive Committee and apportioned in ways stipulated in the service contract of each member of the Executive Committee.

Given the completion of the long-term target set in the beginning of the period subject to appraisal in 2013, the first payment of the 2013 tranche, which amounted to EUR10,420,000.00 or equivalent to RMB70,194,330.00, was completed in April 2016.

The cash-settled share-based payment granted in 2016 is subject to appraisal for business performance during a period ending 31 December 2018, and the cash-settled share-based payment granted in 2015 is subject to appraisal for business performance during a period ending 31 December 2017. The cash-settled share-based payment granted in 2014 is subject to appraisal for business performance during a period ending 31 December 2016. Virtual shares amounted to EUR 9,300,000.00 will be paid by the above method in spring 2017.

At the end of the performance period, the number of the virtual shares so granted is amended depending on the degree to which the relevant targets are achieved. The resulting final number of virtual shares multiplied by the smoothed price of KION GROUP AG shares at the end of the performance period determines the amount of cash actually paid. The Supervisory Board of KION GROUP AG can also use a personal performance factor with respect to the members of the Executive Committee to adjust the final payment at the end of the performance period by +/- 20 per cent. The maximum amount payable is limited to 200 per cent of the value of the shares allotted to an individual at the grant date. Fair value of the cash-settled share-based payment as at each assessment date is assessed using Monte-Carlo simulation, with the same parameters for measurement as the share incentive scheme applicable to managers.

十一、股份支付(續)**KION執行委員會股權激勵計劃**

作為KION GROUP AG股權激勵計劃的一部分，執行委員會成員在一個固定的期間(2013年份額為2.5年，後續份額為3年)被授予虛擬股份。執行委員會成員的長期報酬的計量與上述經理股權激勵計劃方法一致。在2016年1月1日績效期間考核初期，執行委員會成員被授予104,438份具有特定公允價值的虛擬股份(2015年：189,075份)，該虛擬股份按照每位執行委員會成員的服務合同中規定的方式分配。

鑒於2013年績效期間考核初期給定的長期目標的達成，2013年授予份額計歐元10,420,000.00，折合人民幣70,194,330.00元的首次支付已在2016年4月完成。

2016年度授予的以現金結算的股份支付的業績考核期是在2018年12月31日結束，2015年度授予的以現金結算的股份支付的業績考核期是在2017年12月31日結束，2014年度授予的以現金結算的股份支付的業績考核期在2016年12月31日結束，價值歐元9,300,000.00的虛擬股份將在2017年春季按照上述方法進行支付。

在業績考核期末，授予個人虛擬股份的數量會按照相關目標的完成程度進行修訂。修訂後的股份數量乘以KION GROUP AG在業績考核期末的平滑股價來決定最終實際需要支付的金額。KION GROUP AG監事會有權按照執行委員會委員的個人績效於業績考核期末在20%的幅度內做調整，對每個人最終的支付金額以授予日當天公允價值的200%為上限。授予的以現金結算的股份支付於每個評估日採用蒙特·卡羅模型評估公允價值，具體計量參數與經理股權激勵計劃相同。

XI. SHARE-BASED PAYMENT (CONTINUED)

Share Incentive Scheme Applicable to KION Executive Board (Continued)

As at 31 December 2016, the fair value of the virtual shares granted in 2015 was EUR52.89 per share, amounting in aggregate to EUR8.1 million, equivalent to RMB59,185,080.00 (31 December 2015: EUR6.0 million, equivalent to RMB42,571,200.00); the fair value of the virtual shares granted in 2016 was EUR42.19 per share, amounting in aggregate to EUR4.4 million, equivalent to RMB32,149,920.00.

Accumulated liabilities incurred from the cash-settled share-based payments amounted to EUR16,900,000.00, equivalent to RMB123,484,920.00 (31 December 2015: EUR17,800,000.00, equivalent to RMB126,294,560.00). In particular, EUR9,300,000.00 belonged to the 2014 tranche, which was equivalent to RMB67,953,240.00 (31 December 2015: EUR5,300,000.00, equivalent to RMB37,604,560.00); EUR6,000,000.00 belonged to the 2015 tranche, which was equivalent to RMB43,840,800.00 (31 December 2015: EUR2,200,000.00, equivalent to RMB15,609,440.00); and EUR1,600,000.00 belonged to the 2016 tranche, which was equivalent to RMB11,690,880.00.

In 2016, for the tranche granted in 2014, on a pro-rata basis, total costs recognized in respect of cash-settled share-based payments amounted to EUR4,000,000.00, equivalent to RMB29,291,200.00 (2015: EUR3,400,000.00, equivalent to RMB23,616,400.00). For the tranche granted in 2015, on a pro-rata basis, total costs recognized in respect of cash-settled share-based payments amounted to EUR3,800,000.00, equivalent to RMB27,826,640.00 (2015: EUR2,000,000.00, equivalent to RMB13,892,000.00). For the tranche granted in 2016, on a pro-rata basis, total costs recognized in respect of cash-settled share-based payments amounted to EUR1,600,000.00, equivalent to RMB11,716,480.00.

十一、股份支付(續)

KION執行委員會股權激勵計劃(續)

截至2016年12月31日，2015年度授予的虛擬股份公允價值為每股52.89歐元，總價值共計歐元8,100,000.00，折合人民幣59,185,080.00元(2015年12月31日：歐元6,000,000.00，折合人民幣42,571,200.00元)，2016年度授予的虛擬股份公允價值為每股42.19歐元，總價值共計歐元4,400,000.00，折合人民幣32,149,920.00元。

負債中因以現金結算的股份支付產生的累計負債金額為歐元16,900,000.00，折合人民幣123,484,920.00元(2015年12月31日：歐元17,800,000.00，折合人民幣126,294,560.00元)。其中，歐元9,300,000.00屬於2014年的授予份額，折合人民幣67,953,240.00元(2015年12月31日：歐元5,300,000.00，折合人民幣37,604,560.00元)，歐元6,000,000.00屬於2015年的授予份額，折合人民幣43,840,800.00元(2015年12月31日：歐元2,200,000.00，折合人民幣15,609,440.00元)，歐元1,600,000.00屬於2016年的授予份額，折合人民幣11,690,880.00元。

2016年，對於2014年授予的份額按比例以現金結算的股份支付確認的費用總額為歐元4,000,000.00，折合人民幣29,291,200.00元(2015年：歐元3,400,000.00，折合人民幣23,616,400.00元)，對於2015年授予的份額按比例以現金結算的股份支付確認的費用總額為歐元3,800,000.00，折合人民幣27,826,640.00元(2015年：歐元2,000,000.00，折合人民幣13,892,000.00元)，對於2016年授予的份額按比例以現金結算的股份支付確認的費用總額為歐元1,600,000.00，折合人民幣11,716,480.00元。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2016 (Expressed in Renminbi Yuan)

財務報表附註(續)

2016年12月31日(人民幣元)

XI. SHARE-BASED PAYMENT (CONTINUED)

Share Incentive Scheme Applicable to KION Executive Board (Continued)

In 2016, the executive board member of the subsidiary of the Company, KION GROUP AG, joined the share-based incentive scheme. All the salaries are as follows:

		2016 2016年					
		Gordon Riske Gordon Riske	Bert-Jan Knoef Bert-Jan Knoef	Theodor Maurer Theodor Maurer	Ching Pong Quek 郭進鵬	Dr Eike Böhm Eike Böhm博士	Dr Thomas Toepfer Thomas Toepfer博士
Wages, allowances and non-cash benefits	工資、津貼和非現金 利益金額	6,004,696.00	-	-	5,177,219.60	3,815,178.80	3,829,824.40
Performance-linked bonus	績效掛鉤獎金	5,536,036.80	-	-	4,122,736.40	2,929,120.00	3,163,449.60
Cash settled share option expenses	以現金結算的股份期權費用	22,759,262.40	1,567,079.20	1,567,079.20	20,415,966.40	7,557,129.60	15,172,841.60
Pension contribution	養老金計劃供款	4,635,332.40	-	-	893,381.60	1,135,034.00	1,003,223.60

In 2015, the executive board member of the subsidiary of the Company, KION GROUP AG, joined the share-based incentive scheme. All the salaries are as follows:

		2015 2015年					
		Gordon Riske Gordon Riske	Bert-Jan Knoef Bert-Jan Knoef	Theodor Maurer Theodor Maurer	Ching Pong Quek 郭進鵬	Dr Eike Böhm Eike Böhm博士	Dr Thomas Toepfer Thomas Toepfer博士
Wages, allowances and non-cash benefits	工資、津貼和非現金 利益金額	5,702,666.00	138,920.00	138,920.00	4,931,660.00	1,548,958.00	3,591,082.00
Performance-linked bonus	績效掛鉤獎金	5,522,070.00	111,136.00	111,136.00	3,931,436.00	1,312,794.00	3,160,430.00
Cash settled share option expenses	以現金結算的股份期權費用	24,873,626.00	7,390,544.00	7,390,544.00	23,915,078.00	1,340,578.00	16,587,048.00
Pension contribution	養老金計劃供款	4,320,412.00	27,784.00	27,784.00	743,222.00	-	812,682.00

十一、股份支付(續)

KION執行委員會股權激勵計劃(續)

於2016年，本公司之子公司KION GROUP AG的執行委員會委員參與了股份支付計劃，其全部薪酬情況如下：

於2015年，本公司之子公司KION GROUP AG的執行委員會委員參與了股份支付計劃，其全部薪酬情況如下：

XII.COMMITMENTS AND CONTINGENCIES

1. Significant contingencies

		2016 2016年	2015 2015年
Contracted, but not provided for	已簽約但未撥備		
Capital commitments	資本承諾	1,891,983,933.89	1,733,809,898.35
Investment commitments	投資承諾	-	1,300,000.00
		1,891,983,933.89	1,735,109,898.35

2. Exposure to Confirmation Risks

Shaanxi Heavy-duty Motor Co., Ltd., a subsidiary of the Company, entered into a tri-party cooperation agreement with distributors and endorsing bank. Distributors will deposit guarantee money of no lower than 30% to the bank and apply for establishment of bank acceptance bill for the purchase of products of Shaanxi Heavy-duty Motor Co., Ltd. according to the amount of credit facility provided by the bank. Shaanxi Heavy-duty Motor Co., Ltd. assumes security obligation in favour of the distributors for the difference between amount of notes and guarantee money. As at 31 December 2016, open position of outstanding acceptance bill was RMB2,456,896,778.00 (31 December 2015: RMB1,013,770,700.00).

3. Business related to finance lease company

Shaanxi Heavy-duty Motor Co., Ltd., a subsidiary of the Company, entered into a cooperation agreement with Shanzhong Finance Leasing Co., Ltd.. It is agreed by and between the two parties that Shanzhong Finance Leasing Co., Ltd. shall provide finance lease service to Shaanxi Heavy-duty Motor Co., Ltd. or its distributors. Shaanxi Heavy-duty Motor Co., Ltd. shall provide joint liability guarantee in respect of the lessee's failure to pay the instalment payments and interests under the finance lease. As at 31 December 2016, risk exposure in respect of possible guarantee for joint liabilities was RMB922,960,000.00 (31 December 2015: RMB728,010,000.00).

十二、承諾及或有事項

1. 重要承諾事項

2. 保兌倉敞口風險

本公司之子公司陝西重型汽車有限公司與經銷商、承兌銀行三方簽訂三方合作協議，經銷商向銀行存入不低於30%的保證金，根據銀行給予的一定信用額度，申請開立銀行承兌匯票用於購買陝西重型汽車有限公司產品，陝西重型汽車有限公司為經銷商提供票據金額與保證金之間差額的退款保證責任。截至2016年12月31日，尚未到期的承兌匯票敞口額為人民幣2,456,896,778.00元(2015年12月31日：人民幣1,013,770,700.00元)。

3. 與融資租賃公司有關的業務

本公司之子公司陝西重型汽車有限公司與山重融資租賃有限公司簽訂合作協議，雙方約定山重融資租賃有限公司為陝西重型汽車有限公司或其經銷商提供融資租賃服務，陝西重型汽車有限公司為融資租賃的承租方未能支付的融資租賃分期付款及利息提供見物回購責任。截至2016年12月31日，連帶責任保證風險敞口為人民幣922,960,000.00元(2015年12月31日：人民幣728,010,000.00元)。

XII. COMMITMENTS AND CONTINGENCIES
(CONTINUED)

4. Guarantee

		2016 2016年	2015 2015年
Loan guarantee	借款擔保	629,824,239.60	166,971,341.60
Other guarantee	其他擔保	31,755,352.80	48,148,027.20
		661,579,592.40	215,119,368.80

XIII. SUBSEQUENT EVENTS

Profit distribution

On 29 March 2017, the Company's 2016 profit distribution proposal was approved by the Company's 5th meeting of the fourth session of the Board: the Company proposed the distribution to all shareholders of a cash dividend of RMB2.50 (including tax) for every 10 shares held and an issuance of 10 bonus shares (including tax) for every 10 shares held, based on the total share capital of 3,998,619,278 shares, without any capitalisation of reserve. Completion of the proposal is subject to the consideration and approval by the 2016 Annual General Meeting, the first Class Meeting of the A Shareholders in 2017 and the first Class Meeting of the H Shareholders in 2017.

Significant credit facility

In January 2017, the comprehensive facility agreement of KION Group AG, a subsidiary of the Company, was extended for one year. As such, the revolving credit facility in the amount of EUR1,150 million under the agreement will be valid until February 2022.

On 4 July 2016, in connection with the acquisition of Dematic, KION Group AG entered into financing agreements with various banks. Under the agreements, there were three tranches of bridge loans with different amounts and maturities, comprising the first tranche in the amount of EUR343.2 million which will mature in February 2018, the second tranche in the amount of EUR1,200 million which will mature in November 2018, and the third tranche in the amount of EUR1,000 million which will mature in November 2021. In February 2017, KION Group AG conducted a refinancing in the form of coupons in the amount of EUR958 million for the full repayment of the aforesaid first tranche of loan and partial repayment of the second tranche of loan, settling EUR343.2 million and EUR611.8 million respectively. The coupons issued will be repaid on a one-off basis on the maturity dates, namely May 2022, April 2024 and April 2027 respectively. Upon maturity, coupon interest will be paid at fixed or floating rates. Such coupons are unsecured.

十二、承諾及或有事項(續)

4. 擔保事項

十三、資產負債表日後事項

分紅

2017年3月29日，本公司四屆五次董事會審議通過了本公司2016年度的利潤分配預案：擬以2016年12月31日的公司總股份3,998,619,278為基數，向全體股東每十股派發現金紅利人民幣2.50元(含稅)，送紅股10股(含稅)，不實施公積金轉增股本。此方案需經2016年度股東周年大會、2017年第一次A股股東會議和2017年第一次H股股東會議審議通過後實施。

重大授信

2017年1月，子公司KION GROUP AG的綜合授信協議延期一年，因此，該協議下金額為11.50億歐元的循環信用額度將延遲至2022年2月到期。

2016年7月4日，子公司KION GROUP AG為收購德瑪泰克與多家銀行簽訂收購融資協議。該協議下，共有三筆金額不同、到期日不同的過橋貸款。其中第一筆借款金額為3.432億歐元，到期日為2018年2月，第二筆借款金額為12億歐元，到期日為2018年11月，第三筆金額為10億歐元，到期日為2021年11月。2017年2月，KION GROUP AG進行再融資，採用總額為9.58億歐元的期票提前全額償還了上述第一筆借款，並部分償還第二筆借款，還款金額分別為3.432億歐元和6.118億歐元。本次發行的期票將於期日被一次償還，期票的到期日分別是2022年5月，2024年4月和2027年4月，期票在到期後會有有固定或者浮動利率的息票，上述期票為無抵押期票。

XIII. SUBSEQUENT EVENTS (CONTINUED)

Investment

On 20 March 2017 (United States time), the Company approved the entering by Weichai America Corp, a wholly-owned subsidiary of the Company, into an equity purchase agreement with Power Solutions International Inc. for the purchase of 2,728,752 ordinary shares and 2,385,624 preferred shares (convertible into 4,771,248 ordinary shares in the future) of the company, with an expected investment amount of USD60 million. Upon full conversion of the aforesaid preferred shares into ordinary shares, the Company will, through Weichai America Corp, hold shares representing 40.71% of the total issued share capital of Power Solutions International Inc.. Completion is expected to take place in March 2017.

XIV. OTHER SIGNIFICANT EVENTS

1. Leases

As the lessor

Finance leases: As at 31 December 2016, the balance of unrealized finance income is RMB557,698,816.80 (31 December 2015: RMB511,159,493.60) and is apportioned to the leasing period using effective interest rate method. Pursuant to the leasing contract signed with the lessee, the minimum lease receivables under non-cancellable leases are as follows:

		2016 2016年	2015 2015年
Within 1 year (including 1 year)	1年以內(含1年)	1,648,406,773.20	1,495,781,683.20
1-2 years (including 2 years)	1年至2年(含2年)	1,581,580,915.52	1,351,096,364.80
2-3 years (including 3 years)	2年至3年(含3年)	1,207,682,388.34	1,048,003,611.20
Over 3 years	3年以上	1,465,281,745.74	1,254,587,454.40
		5,902,951,822.80	5,149,469,113.60

For fixed assets leased out under operating lease, refer to Note V.16.

十三、資產負債表日後事項(續)

投資事項

美國時間2017年3月20日，本公司通過全資子公司濰柴北美公司與Power Solutions International Inc.簽署股權購買協議，購買其2,728,752股普通股及2,385,624股優先股（未來可轉換為4,771,248股普通股），預計總投資金額為六千萬美元。上述優先股全部轉換為普通股後，本公司將通過濰柴北美公司持有Power Solutions International Inc.發行總股本的40.71%的股份，交割事項預計在二零一七年三月份內完成。

十四、其他重要事項

1. 租賃

作為出租人

融資租賃：於2016年12月31日，未實現融資收益的餘額為人民幣557,698,816.80元（2015年12月31日：人民幣511,159,493.60元），採用實際利率法在租賃期內各個期間進行分攤。根據與承租人簽訂的租賃合同，不可撤銷租賃的最低租賃收款額如下：

經營租出固定資產，參見附註五、16。

XIV. OTHER SIGNIFICANT EVENTS
(CONTINUED)

1. Leases (Continued)

As the lessee

Finance leases: As at 31 December 2016, the balance of unrecognised finance costs is RMB829,320,316.30 (31 December 2015: RMB714,146,070.40) and is apportioned to the leasing period using effective interest rate method. Pursuant to the leasing contract signed with the lessor, the minimum lease payables under non-cancellable leases are as follows:

		2016 2016年	2015 2015年
Within 1 year (including 1 year)	1年以內(含1年)	3,403,287,866.69	2,893,365,798.40
1-2 years (including 2 years)	1年至2年(含2年)	3,472,107,820.23	2,794,792,184.80
2-3 years (including 3 years)	2年至3年(含3年)	2,337,788,583.43	1,993,673,152.80
Over 3 years	3年以上	2,466,112,967.99	2,218,172,376.00
		11,679,297,238.34	9,900,003,512.00

For fixed assets leased in under finance lease, refer to Note V.16.

Material operating lease: Pursuant to the leasing contract signed with the lessor, the minimum lease payables under non-cancellable leases are as follows:

		Minimum lease payments 最低租賃付款額	
		2016 2016年	2015 2015年
Within 1 year (including 1 year)	1年以內(含1年)	661,006,076.20	510,924,089.68
1-2 years (including 2 years)	1年至2年(含2年)	550,009,864.73	422,901,780.62
2-3 years (including 3 years)	2年至3年(含3年)	391,822,710.14	300,222,061.54
Over 3 years	3年以上	1,144,213,118.65	818,467,729.70
		2,747,051,769.72	2,052,515,661.54

十四、其他重要事項(續)

1. 租賃(續)

作為承租人

融資租賃：於2016年12月31日，未確認融資費用的餘額為人民幣829,320,316.30元（2015年12月31日：人民幣714,146,070.40元），採用實際利率法在租賃期內各個期間進行分攤。根據與出租人簽訂的租賃合同，不可撤銷租賃的最低租賃付款額如下：

融資租入固定資產，參見附註五、16。

重大經營租賃：根據與出租人簽訂的租賃合同，不可撤銷租賃的最低租賃付款額如下：

XIV. OTHER SIGNIFICANT EVENTS (CONTINUED)

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, warehousing technology and supply chain solution services (“Forklift trucks and supply chain solution”).

十四、其他重要事項(續)

2. 分部報告

經營分部

本集團的經營業務根據業務的性質以及所提供的產品和服務分開組織和管理。本集團的每個經營分部是一個業務集團，提供面臨不同於其他經營分部的風險並取得不同於其他經營分部的報酬的產品和服務。

以下是對經營分部詳細信息的概括：

- (a) 生產及銷售柴油機及相關零部件(「柴油機」)；
- (b) 生產及銷售汽車及主要汽車零部件(不包括柴油機)(「汽車及其他主要汽車零部件」)；
- (c) 生產及銷售其他汽車零部件(「其他零部件」)；
- (d) 提供進出口服務(「進出口服務」)；
- (e) 叉車生產、倉庫技術及供應鏈解決方案服務(「叉車及供應鏈解決方案」)。

XIV. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. SEGMENT REPORTING (Continued) *Operating segments (Continued)*

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.

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

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

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

十四、其他重要事項(續)

2. 分部報告(續) *經營分部(續)*

管理層出於配置資源和評價業績的決策目的，對各業務單元的經營成果分開進行管理。分部業績，以報告的分部利潤為基礎進行評價。該指標系對利潤總額進行調整後的指標，除不包括利息收入、財務費用、投資收益、股利收入、金融工具公允價值變動收益以及總部費用之外，該指標與本集團利潤總額是一致的。

分部資產不包括以公允價值計量且其變動計入當期損益的權益性投資、衍生工具、應收股利、應收利息、可供出售金融資產、長期股權投資、商譽、遞延所得稅資產和其他未分配的總部資產，原因在於這些資產均由本集團統一管理。

分部負債不包括衍生工具、借款、應交所得稅、遞延所得稅負債以及其他未分配的總部負債，原因在於這些負債均由本集團統一管理。

分部間的轉移定價，參照向第三方進行交易所採用的價格制定。

XIV. OTHER SIGNIFICANT EVENTS
(CONTINUED)2. SEGMENT REPORTING (Continued)
Operating segments (Continued)

十四、其他重要事項(續)

2. 分部報告(續)
經營分部(續)

		Diesel engines 柴油機	Automobiles and other major automobile components 汽車及其他主要 汽車零部件	Other components 其他零部件	Import & export services 進出口服務	Forklift trucks and supply chain solution 叉車及 供應鏈解決方案	Total 合計
2016	2016年						
Segment revenue:	分部收入:						
Sale to external customers	外部客戶銷售	18,463,189,366.08	31,545,481,102.61	1,998,542,946.05	113,326,626.77	41,062,981,343.03	93,183,521,384.54
Inter-segment sale	分部間銷售	6,357,716,808.75	5,213.68	1,079,458,822.61	28,654,798.33	-	7,465,835,643.37
Total	合計	24,820,906,174.83	31,545,486,316.29	3,078,001,768.66	141,981,425.10	41,062,981,343.03	100,649,357,027.91
Adjustment:	調整:						
Elimination of inter-segment sale	抵銷分部間銷售						(7,465,835,643.37)
Revenue	收入						93,183,521,384.54
Segment results	分部業績	2,970,860,299.24	(256,078,160.04)	(250,070,869.32)	10,439,154.82	2,015,511,536.55	4,490,661,961.25
Adjustment:	調整:						
Elimination of inter-segment results	抵銷分部間業績						(294,021,604.81)
Interest income	利息收入						791,203,913.76
Dividend income and unallocated income	股息收入及未分配收益						791,586,135.40
Corporate and other unallocated expenses	企業及其他未分配開支						(151,756,835.56)
Finance expenses	財務成本						(990,026,798.60)
Profit before tax	稅前利潤						4,637,646,771.44
31 December 2016	2016年12月31日						
Segment assets	分部資產	28,992,337,168.54	24,859,881,992.44	15,104,527,870.09	6,147,978,624.90	71,201,290,822.97	146,306,016,478.94
Adjustment:	調整:						
Elimination of inter-segment assets	抵銷分部間資產						(13,956,301,568.13)
Corporate and other unallocated assets	企業及其他未分配資產						31,640,965,618.13
Total assets	總資產						163,990,680,528.94
Segment liabilities	分部負債	16,111,956,906.41	21,787,738,673.45	7,355,196,028.18	487,298,077.06	31,295,857,375.20	77,038,047,060.30
Adjustment:	調整:						
Elimination of inter-segment liabilities	抵銷分部間負債						(9,012,678,315.46)
Corporate and other unallocated liabilities	企業及其他未分配負債						51,403,641,924.88
Total liabilities	總負債						119,429,010,669.72
2016	2016年						
Other segment information:	其他分部資料:						
Share of profit and loss from:	應佔下列公司利潤及虧損:						
Gain(loss) from associates	聯營企業收益/(損失)	36,075,296.33	(29,469,794.17)	-	156,716.09	80,488,739.06	87,250,957.31
Reversal(loss) of impairment of inventories	存貨減值轉回/(損失)	(76,657,219.59)	(307,698,934.31)	(7,397,198.36)	(1,558,240.21)	(107,175,842.96)	(500,487,435.43)
Reversal(loss) of impairment of accounts receivable and other receivables	應收賬款及其他應收賬款的減值轉回/(損失)	(8,141,938.58)	(143,024,892.08)	(2,472,133.01)	24,231.19	(49,776,505.40)	(203,391,237.88)
Reversal(loss) of impairment of non-current assets	非流動資產減值轉回/(損失)	(2,085,443.66)	(24,000,000.00)	(249,310,454.60)	-	-	(275,395,898.26)
Depreciation and amortization	折舊及攤銷	(857,735,340.16)	(981,757,232.24)	(198,116,876.11)	(25,658,551.92)	(3,963,569,410.52)	(6,026,837,410.95)
Gain(loss) from disposal of fixed assets	固定資產處置利得/(損失)	12,518,657.38	(15,938.50)	(6,696,668.31)	114.09	552,672.97	6,358,837.63
Gain(loss) from disposal of intangible assets	無形資產處置利得/(損失)	-	-	-	-	-	-
Investment in associates and jointly controlled enterprises	於聯營及合營公司的投資	612,503,306.14	465,689,452.01	-	37,060,314.34	429,717,719.36	1,544,970,791.85
Capital expenditure	資本開支	(303,891,925.12)	(671,812,706.04)	(351,531,162.22)	(2,204,559.41)	(5,438,358,080.40)	(6,767,798,433.19)

XIV. OTHER SIGNIFICANT EVENTS
(CONTINUED)

2. SEGMENT REPORTING (Continued)
Operating segments (Continued)

十四、其他重要事項(續)

2. 分部報告(續)
經營分部(續)

		Diesel engines 柴油機	Automobiles and other major automobile components 汽車及其他主要 汽車零部件	Other components 其他零部件	Import & export services 進出口服務	Forklift trucks and supply chain solution 叉車及 供應鏈解決方案	Total 合計
2015	2015年						
Segment revenue:	分部收入：						
Sale to external customers	外部客戶銷售	13,856,742,155.35	22,887,613,239.38	1,807,881,511.76	127,424,155.42	35,488,079,494.00	74,167,740,555.91
Inter-segment sale	分部間銷售	3,533,770,893.28	-	1,077,699,078.69	31,013,683.48	-	4,642,483,655.45
Total	合計	17,390,513,048.63	22,887,613,239.38	2,885,580,590.45	158,437,838.90	35,488,079,494.00	78,810,224,211.36
Adjustment:	調整：						
Elimination of inter-segment sale	抵銷分部間銷售						(4,642,483,655.45)
Revenue	收入						74,167,740,555.91
Segment results	分部業績	1,522,353,421.58	(504,145,202.40)	(25,040,400.31)	(60,423,337.86)	1,948,589,164.00	2,881,333,645.01
Adjustment:	調整：						
Elimination of inter-segment results	抵銷分部間業績						108,474,642.30
Interest income	利息收入						915,720,889.55
Dividend income and unallocated income	股息收入及未分配收益						808,737,334.13
Corporate and other unallocated expenses	企業及其他未分配開支						(190,500,931.90)
Finance expenses	財務成本						(1,397,863,973.61)
Profit before tax	稅前利潤						3,125,901,605.48
31 December 2015	2015年12月31日						
Segment assets	分部資產	21,111,090,626.18	21,676,364,487.36	11,614,982,630.41	6,591,253,116.32	36,464,314,470.54	97,458,005,330.81
Adjustment:	調整：						
Elimination of inter-segment assets	抵銷分部間資產						(10,021,867,106.57)
Corporate and other unallocated assets	企業及其他未分配資產						28,404,305,977.08
Total assets	總資產						115,840,444,201.32
Segment liabilities	分部負債	10,260,459,640.27	15,581,716,794.59	7,657,624,815.18	674,649,449.64	22,685,780,958.40	56,860,231,658.08
Adjustment:	調整：						
Elimination of inter-segment liabilities	抵銷分部間負債						(8,864,846,861.18)
Corporate and other unallocated liabilities	企業及其他未分配負債						25,908,073,453.32
Total liabilities	總負債						73,903,458,250.22
2015	2015年						
Other segment information:	其他分部資料：						
Share of profit and loss from:	應佔下列公司利潤及虧損：						
Gain(loss) from associates	聯營企業收益/(損失)	(16,196,195.63)	(31,255,022.41)	-	220,916.88	79,411,190.81	32,180,889.65
Reversal(loss) of impairment of inventories	存貨減值轉回/(損失)	(23,961,552.71)	(104,622,784.83)	(655,959.45)	(975,889.61)	(54,484,424.00)	(184,700,610.60)
Reversal(loss) of impairment of accounts receivable and other receivables	應收賬款及其他應收賬款的減值轉回/(損失)	1,484,935.40	(115,553,763.24)	(1,470,852.97)	(184,320.82)	(57,519,826.00)	(173,243,827.63)
Reversal(loss) of impairment of non-current assets	非流動資產減值轉回/(損失)	(3,000,000.00)	(6,637,369.07)	-	-	(28,284,112.00)	(37,921,481.07)
Depreciation and amortization	折舊及攤銷	(845,929,743.22)	(956,977,770.10)	(184,200,238.47)	(25,782,852.69)	(3,361,092,994.00)	(5,373,983,598.48)
Gain(loss) from disposal of fixed assets	固定資產處置利得/(損失)	12,699,756.92	4,955,150.73	(138,404.29)	167.78	(2,771,454.00)	14,745,217.14
Gain(loss) from disposal of intangible assets	無形資產處置利得/(損失)	-	1,252,463.67	-	-	-	1,252,463.67
Investment in associates and jointly controlled enterprises	於聯營及合營公司的投資	516,578,752.01	500,760,648.66	-	34,876,194.36	394,934,571.15	1,447,150,166.18
Capital expenditure	資本開支	(1,010,160,552.13)	(979,399,961.35)	(346,202,610.29)	(8,895,732.77)	(4,708,860,104.00)	(7,053,518,960.54)

XIV. OTHER SIGNIFICANT EVENTS
(CONTINUED)

2. SEGMENT REPORTING (Continued)

*Group information**Information about products and services*

Revenue from external transactions

		2016	2015
		2016年	2015年
Complete vehicles and key components	整車及關鍵零部件	37,485,531,426.96	26,751,074,280.85
Non-automobile engines	非汽車用發動機	6,632,102,155.29	4,067,451,221.01
Other non-major automobile components	其他非主要汽車零部件	4,776,948,770.74	4,409,349,371.17
Forklift trucks and supply chain solution	叉車及供應鏈解決方案	41,062,981,343.03	35,488,079,494.00
Others	其他	3,225,957,688.52	3,451,786,188.88
		93,183,521,384.54	74,167,740,555.91

Geographic information

Revenue from external transactions

地理信息

對外交易收入

		2016	2015
		2016年	2015年
China	中國大陸	48,804,399,222.66	33,972,377,776.91
Other countries and regions	其他國家和地區	44,379,122,161.88	40,195,362,779.00
		93,183,521,384.54	74,167,740,555.91

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

對外交易收入歸屬於客戶所處區域。

*Total non-current assets**非流動資產總額*

		2016	2015
		2016年	2015年
China	中國大陸	17,835,356,526.53	18,680,540,086.07
Other countries and regions	其他國家和地區	61,168,233,182.85	31,347,383,005.54
		79,003,589,709.38	50,027,923,091.61

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

非流動資產歸屬於該資產所處區域，不包括金融資產和遞延所得稅資產。

XIV. OTHER SIGNIFICANT EVENTS
(CONTINUED)

2. SEGMENT REPORTING (Continued)

Group information (Continued)
Information about major customers

Revenue of RMB3,002,580,813.97 (2015: RMB1,856,614,955.55) 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. COMPARATIVE FIGURES

As set out in VI. The Change in Scope of Consolidation, the merger and absorption of Weichai (Weifang) Medium-duty Diesel Engine Co., Ltd. during the year, which is considered a business combination under common control, has been accounted for as if it had been consolidated as at the beginning of the period pursuant to the "Accounting Standard for Business Enterprises No. 20 – Business Combination" (《企業會計準則第20號—企業合併》), and opening data are dealt with on a retrospective basis.

XV. NOTES TO KEY ITEMS OF THE COMPANY
FINANCIAL STATEMENTS

1. Cash and cash equivalents

		2016	2015
		2016年	2015年
Cash at bank	庫存現金	260,232.34	231,540.67
Bank deposits	銀行存款	9,744,015,449.37	12,429,138,306.98
Other cash equivalents	其他貨幣資金	15,182,560.49	18,316,956.61
		9,759,458,242.20	12,447,686,804.26

As at 31 December 2016, the cash and cash equivalents of the Company under restriction amounted to RMB15,182,560.49 (31 December 2015: RMB18,316,956.61).

Interest income accrued on demand deposits at banks at interest rates applicable to demand deposits. Fixed deposits with short maturities were on terms ranging from 7 days to 12 months. Interest income accrued at the interest rates applicable to the respective fixed deposits, and in accordance with the cash requirements of the Company.

十四、其他重要事項(續)

2. 分部報告(續)

*集團信息(續)**主要客戶信息*

營業收入人民幣3,002,580,813.97元(2015年: 人民幣1,856,614,955.55元)來自於柴油機分部和汽車及其他主要汽車零部件分部對某一單個客戶(包括已知受該客戶控制下的所有主體)的收入。

3. 比較數據

如附註六、合併範圍的變動所述，本年合併濰柴(濰坊)中型柴油機有限公司，系同一控制下企業合併，已根據《企業會計準則第20號—企業合併》視為期初已納入合併範圍進行了處理，相應追溯了期初數據。

十五、公司主要財務報表項目註釋

1. 貨幣資金

於2016年12月31日，本公司的所有權受到限制的貨幣資金為人民幣15,182,560.49元(2015年12月31日: 人民幣18,316,956.61元)。

銀行活期存款按照銀行活期存款利率取得利息收入。短期定期存款的存款期分為7天至12個月不等，依本公司的現金需求而定，並按照相應的銀行定期存款利率取得利息收入。

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

2. Notes receivable

十五、公司主要財務報表項目註釋(續)

2. 應收票據

		2016 2016年	2015 2015年
Bank acceptance bills	銀行承兌匯票	14,623,284,642.83	6,890,636,874.68

Among which, notes receivable that were pledged are as follows:

其中，已質押的應收票據如下：

		2016 2016年	2015 2015年
Bank acceptance bills	銀行承兌匯票	5,683,731,002.77	2,736,942,805.34

Notes receivable that were endorsed but no yet expired as at the balance sheet date are as follows:

已背書但在資產負債表日尚未到期的應收票據如下：

		2016 2016年 Derecognition 終止確認	2015 2015年 Derecognition 終止確認
Bank acceptance bills	銀行承兌匯票	560,230,360.23	357,069,766.60

As at 31 December 2016 and 31 December 2015, the Company has not transferred any notes into accounts receivable due to issuers' failure in performance.

於2016年12月31日和2015年12月31日，本公司無因出票人無力履約而將票據轉為應收賬款的票據。

As at 31 December 2016, receivables with carrying amount of RMB5,683,731,002.77 (31 December 2015: RMB2,736,942,805.34) were under restrictions.

於2016年12月31日，賬面價值人民幣5,683,731,002.77元(2015年12月31日：人民幣2,736,942,805.34元)應收票據所有權受到限制。

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

3. Accounts receivable

The Company's trading terms with its customers are mainly on credit except for new customers, where payment in advance or cash on delivery is normally required. The credit period of accounts receivable is generally one to six month. Accounts receivable is non-interest bearing.

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

		2016 2016年	2015 2015年
Within 3 months	3個月以內	745,736,681.61	434,009,883.95
3 months-6 months	3個月至6個月	157,688,734.51	166,801,209.83
6 months-1 year	6個月至1年	176,066,775.12	55,828,148.82
1 year-2 years	1年至2年	50,083,401.42	15,510,762.24
2 years-3 years	2年至3年	10,998,096.14	164,500.00
Over 3 years	3年以上	3,683,150.03	3,518,650.03
		1,144,256,838.83	675,833,154.87
Less: Provision for bad debt for accounts receivable	減：應收賬款壞賬準備	59,650,280.52	35,230,830.42
		1,084,606,558.31	640,602,324.45

Changes in provision for bad debt for accounts receivable are presented as follows:

		2016 2016年	2015 2015年
Opening balance	年初餘額	35,230,830.42	52,183,546.35
Provision for the year	本年計提	24,419,450.10	-
Reversed during the year	本年轉回	-	(16,952,715.93)
Closing balance	年末數	59,650,280.52	35,230,830.42

十五、公司主要財務報表項目註釋(續)

3. 應收賬款

本公司與客戶間的貿易條款以信用交易為主，且一般要求新客戶預付款或採取貨到付款方式進行，信用期通常為1-6個月。應收賬款並不計息。

根據開票日期，應收賬款賬齡分析如下：

應收賬款壞賬準備的變動如下：

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

3. Accounts receivable (Continued)

十五、公司主要財務報表項目註釋(續)

3. 應收賬款(續)

		2016 2016年			
		Amount 金額	Proportion 比例 (%)	Provision for bad debt 壞賬準備	Proportion of provision 計提比例 (%)
Individually significant items for which provision for bad debt is recognized separately	單項金額重大並單項計提壞賬準備	-	-	-	-
Items for which provision for bad debt is recognized by credit risk characteristics	按信用風險特徵組合計提壞賬準備	1,144,256,838.83	100.00	59,650,280.52	5.21
Not individually significant items for which provision for bad debt is recognized separately	單項金額雖不重大但單項計提壞賬準備	-	-	-	-
		1,144,256,838.83	100.00	59,650,280.52	
		2015 2015年			
		Amount 金額	Proportion 比例 (%)	Provision for bad debt 壞賬準備	Proportion of provision 計提比例 (%)
Individually significant items for which provision for bad debt is recognized separately	單項金額重大並單項計提壞賬準備	-	-	-	-
Items for which provision for bad debt is recognized by credit risk characteristics	按信用風險特徵組合計提壞賬準備	675,833,154.87	100.00	35,230,830.42	5.21
Not individually significant items for which provision for bad debt is recognized separately	單項金額雖不重大但單項計提壞賬準備	-	-	-	-
		675,833,154.87	100.00	35,230,830.42	

As at 31 December 2016, there was no individually significant accounts receivable for which provision for bad debt was recognized separately (31 December 2015: Nil).

於2016年12月31日，無單項金額重大並單項計提壞賬準備的應收賬款情況(2015年12月31日：無)。

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

3. Accounts receivable (Continued)

Account receivables of which provision for bad debts is made according to aging analysis by the Company are as follows:

		2016 2016年			
		Amount 金額	Proportion 比例 (%)	Provision for bad debt 壞賬準備	Proportion of provision 計提比例 (%)
Within 1 year	1年以內	1,079,492,191.24	94.34	50,212,635.64	4.65
1-2 years	1至2年	50,083,401.42	4.38	3,834,807.24	7.66
2-3 years	2至3年	10,998,096.14	0.96	2,001,937.61	18.20
3-4 years	3-4年	164,500.00	0.01	82,250.00	50.00
Over 5 years	5年以上	3,518,650.03	0.31	3,518,650.03	100.00
		1,144,256,838.83	100.00	59,650,280.52	

		2015 2015年			
		Amount 金額	Proportion 比例 (%)	Provision for bad debt 壞賬準備	Proportion of provision 計提比例 (%)
Within 1 year	1年以內	656,639,242.60	97.16	29,685,681.94	4.52
1-2 years	1至2年	15,510,762.24	2.30	1,977,148.45	12.75
2-3 years	2至3年	164,500.00	0.02	49,350.00	30.00
Over 5 years	5年以上	3,518,650.03	0.52	3,518,650.03	100.00
		675,833,154.87	100.00	35,230,830.42	

As at 31 December 2016, the top five balances in respect of accounts receivable had a total closing balance of RMB846,384,667.82, accounting for 73.97% of the total of closing balance of accounts receivable. The closing balance in respect of bad debt provided for the top five amounted to RMB46,059,178.14.

As at 31 December 2015, the top five balances in respect of accounts receivable had a total closing balance of RMB288,777,183.40, accounting for 42.73% of the total of closing balance of accounts receivable. The closing balance in respect of bad debt provided for the top five amounted to RMB14,438,859.17.

十五、公司主要財務報表項目註釋(續)

3. 應收賬款(續)

本公司採用賬齡分析法計提壞賬準備的應收賬款情況如下：

於2016年12月31日，餘額前五名的應收賬款的年末餘額合計為人民幣846,384,667.82元，佔應收賬款年末餘額合計數的比例為73.97%，該前五名相應計提的壞賬準備年末餘額為人民幣46,059,178.14元。

於2015年12月31日，餘額前五名的應收賬款的年末餘額合計為人民幣288,777,183.40元，佔應收賬款年末餘額合計數的比例為42.73%，該前五名相應計提的壞賬準備年末餘額為人民幣14,438,859.17元。

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

4. Other receivables

An aging analysis of other receivables is presented as follows:

		2016 2016年	2015 2015年
Within 1 year	1年以內	1,490,409,553.36	1,870,123,520.79
1-2 years	1至2年	-	-
3 years	3年以上	22,855,052.76	39,191,603.76
		1,513,264,606.12	1,909,315,124.55
Less: Provision for bad debts in respect of other receivables	減：其他應收款壞賬準備	24,200,665.63	37,186,694.85
Closing balance	年末數	1,489,063,940.49	1,872,128,429.70

Changes in provision for bad debts in respect of other receivables are as follows:

		2016 2016年	2015 2015年
Opening balance	年初數	37,186,694.85	32,250,189.05
Charge during the year	本年計提	-	4,936,505.80
Reversed during the year	本年轉回	(12,986,029.22)	-
Closing balance	年末數	24,200,665.63	37,186,694.85

其他應收款壞賬準備的變動如下：

	2016 2016年				2015 2015年			
	Amount 金額	Proportion 比例 (%)	Provision for bad debt 壞賬準備	Proportion of provision 計提比例 (%)	Amount 金額	Proportion 比例 (%)	Provision for bad debt 壞賬準備	Proportion of provision 計提比例 (%)
Individually significant items for which provision for bad debt is recognized separately	-	-	-	-	-	-	-	-
Items for which provision for bad debt is recognized by credit risk characteristics	1,513,264,606.12	100.00	24,200,665.63	1.60	1,909,315,124.55	100.00	37,186,694.85	1.95
Not individually significant items for which provision for bad debt is recognized separately	-	-	-	-	-	-	-	-
	1,513,264,606.12	100.00	24,200,665.63		1,909,315,124.55	100.00	37,186,694.85	

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

4. Other receivables (Continued)

Other receivables of which provision for bad debts is made according to aging analysis by the Company are as follows:

		2016 2016年				2015 2015年			
		Amount 金額	Proportion 比例 (%)	Provision for bad debt 壞賬準備	Proportion of provision 計提比例 (%)	Amount 金額	Proportion 比例 (%)	Provision for bad debt 壞賬準備	Proportion of provision 計提比例 (%)
Within 1 year	1年以內	1,490,409,553.36	98.49	1,345,792.87	0.09	1,870,123,520.79	97.95	1,513,680.65	0.08
1-2 years	1至2年	-	-	-	-	-	0.00	-	-
2-3 years	2至3年	-	0.00	-	-	-	0.00	-	-
3-4 years	3至4年	-	0.00	-	-	3,186,268.53	0.17	1,593,134.27	50.00
4-5 years	4至5年	900.00	0.00	720.00	80.00	9,627,276.48	0.50	7,701,821.18	80.00
Over 5 years	5年以上	22,854,152.76	1.51	22,854,152.76	100.00	26,378,058.75	1.38	26,378,058.75	100.00
Total	合計	1,513,264,606.12	100.00	24,200,665.63	1.60	1,909,315,124.55	100.00	37,186,694.85	1.95

Other receivables by nature are as follows:

其他應收款按性質分類如下：

		2016 2016年	2015 2015年
Advance to subsidiaries	子公司暫借款	1,466,779,138.01	1,845,250,897.70
Corporate lending and payment on behalf	企業暫借款及代付款	22,242,510.21	38,978,973.59
Reserve fund	備用金	7,473,186.37	19,082,575.52
Others	其他	16,769,771.53	6,002,677.74
		1,513,264,606.12	1,909,315,124.55

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

4. Other receivables (Continued)

As at 31 December 2016, the top 5 other receivables are presented as follows:

	Closing balance	Percentage of total other receivables	Nature	Age	Closing balance of provision for bad debts
	年末餘額	佔其他應收款餘額合計數的比例 (%)	性質	賬齡	壞賬準備年末餘額
Weichai Power (Weifang) Casting Co., Ltd. 濰柴動力(濰坊)鑄鍛有限公司	1,456,237,698.72	96.23	Advance to subsidiaries 子公司暫借款	Within 1 year 1年以內	-
Hangzhou Hongyuan Machinery Manufacturing Co., Ltd. 杭州鴻源機械公司	9,203,387.08	0.61	Corporate lending and payment on behalf 企業暫借款及代付款	Over 5 years 5年以上	9,203,387.08
Xinjiang Machinery Equipment Import & Export Co., Ltd. 新疆機械設備進出口有限公司	6,350,399.53	0.42	Corporate lending and payment on behalf 企業暫借款及代付款	Over 5 years 5年以上	6,350,399.53
Zhuzhou Torch Machinery Manufacturing Co., Ltd. 株洲湘火炬機械製造有限責任公司	6,240,954.85	0.41	Advance to subsidiaries 子公司暫借款	Over 5 years 5年以上	6,240,954.85
Dongfeng Motor Company Limited Equipment Manufactory 東風汽車有限公司設備製造廠	2,922,000.00	0.19	Others 其他	Within 1 year 1年以內	146,100.00
	1,480,954,440.18	97.86			21,940,841.46

十五、公司主要財務報表項目註釋(續)

4. 其他應收款(續)

於2016年12月31日，其他應收款金額前五名如下：

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2016 (Expressed in Renminbi Yuan)

財務報表附註(續)

2016年12月31日(人民幣元)

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

4. Other receivables (Continued)

As at 31 December 2015, the top 5 other receivables are presented as follows:

	Closing balance	Percentage of total other receivables	Nature	Age	Closing balance of provision for bad debts
	年末餘額	佔其他應收款餘額合計數的比例 (%)	性質	賬齡	壞賬準備年末餘額
Weichai Power (Weifang) Casting Co., Ltd. 濰柴動力(濰坊)鑄鍛有限公司	1,845,250,897.70	96.64	Advance to subsidiaries 子公司暫借款	Within 1 year 1年以內	-
Weichai Power (Chongqing) Western Development Co., Ltd. 濰柴動力(重慶)西部發展有限公司	12,808,968.39	0.67	Advance to subsidiaries 子公司暫借款	3-5 years 3至5年	9,292,667.14
Zhuzhou Torch Machinery Manufacturing Co., Ltd. 株洲湘火炬機械製造有限責任公司	9,773,085.84	0.51	Advance to subsidiaries 子公司暫借款	Over 5 years 5年以上	9,773,085.84
Hangzhou Hongyuan Machinery Manufacturing Co., Ltd. 杭州鴻源機械公司	9,203,387.08	0.48	Corporate lending and payment on behalf 企業暫借款及代付款	Over 5 years 5年以上	9,203,387.08
Xinjiang Machinery Equipment Import & Export Co., Ltd. 新疆機械設備進出口公司	6,350,399.53	0.33	Corporate lending and payment on behalf 企業暫借款及代付款	Over 5 years 5年以上	6,350,399.53
	<u>1,883,386,738.54</u>	<u>98.63</u>			<u>34,619,539.59</u>

十五、公司主要財務報表項目註釋(續)

4. 其他應收款(續)

於2015年12月31日，其他應收款金額前五名如下：

XV. NOTES TO KEY ITEMS OF THE COMPANY
FINANCIAL STATEMENTS (CONTINUED)

5. Inventories

十五、公司主要財務報表項目註釋(續)

5. 存貨

		2016 2016年			2015 2015年		
		Gross carrying amount 賬面餘額	Provision for decline in value 跌價準備	Carrying amount 賬面價值	Gross carrying amount 賬面餘額	Provision for decline in value 跌價準備	Carrying amount 賬面價值
Raw materials	原材料	317,018,219.46	(1,151,913.34)	315,866,306.12	387,111,200.57	(2,918,947.50)	384,192,253.07
Finished goods	產成品	1,352,682,003.87	(35,795,952.09)	1,316,886,051.78	804,044,996.26	(36,415.42)	804,008,580.84
OEM Materials	委托加工物資	13,003,580.94	-	13,003,580.94	-	-	-
Materials in transit	在途物資	7,407,241.70	-	7,407,241.70	-	-	-
Self-made semi-finished goods and work in progress	自製半成品 及在產品	94,456,498.14	-	94,456,498.14	148,026,065.15	-	148,026,065.15
Turnover materials	周轉材料	958,082.44	-	958,082.44	1,095,864.30	-	1,095,864.30
		1,785,525,626.55	(36,947,865.43)	1,748,577,761.12	1,340,278,126.28	(2,955,362.92)	1,337,322,763.36

The changes in provision for decline in value are as follows:

存貨跌價準備變動如下：

2016

2016年

		Decrease during the year 本年減少				
		Opening balance 年初數	Charge during the year 本年計提	Reversal 轉回	Write-off 轉銷	Closing balance 年末數
Raw materials	原材料	2,918,947.50	287,580.94	-	(2,054,615.10)	1,151,913.34
Finished goods	產成品	36,415.42	38,228,568.83	-	(2,469,032.17)	35,795,952.08
		2,955,362.92	38,516,149.77	-	(4,523,647.27)	36,947,865.42

2015

2015年

		Decrease during the year 本年減少				
		Opening balance 年初數	Charge during the year 本年計提	Reversal 轉回	Write-off 轉銷	Closing balance 年末數
Raw materials	原材料	2,236,097.98	682,849.52	-	-	2,918,947.50
Finished goods	產成品	-	36,415.42	-	-	36,415.42
Total	合計	2,236,097.98	719,264.94	-	-	2,955,362.92

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

6. Investment in associates

十五、公司主要財務報表項目註釋(續)

6. 對聯營企業投資

	Place of registration/ Principal place of business 註冊地/ 主要經營地	Registered capital 註冊資本	Nature of business 業務性質	Percentage of shareholding 持股比例
Shanghai Xinlian Chuangye Investment Co., Ltd. 上海鑫聯創業投資有限公司	Shanghai 上海	150,000,000.00	Industrial investment, investment management 實業投資、投資管理	33.33%
Guanya (Shanghai) Investment Fund Partnership Enterprise (Limited Partnership) 冠亞(上海)股權投資基金合夥企業(有限合夥)	Shanghai 上海	400,000,000.00	Equity investment, investment management and investment consultation 股權投資、投資管理及投資諮詢	24.75%
Shandong Heavy Industry Group Finance Co., Ltd. 山東重工集團財務有限公司	Shandong 山東	1,000,000,000.00	Business approved by China Banking Regulatory Commission 經營中國銀行業監督管理委員會批准的業務	20.00%
Dalian Hongyuan Machinery Manufacturing Co., Ltd. 大連鴻源機械製造有限公司	Liaoning 遼寧	USD22,818,208.00 美元22,818,208.00	Hardware tools and automobile parts and accessories 五金工具和汽車零配件	17.31%
Shanzhong Finance Leasing Co., Ltd. 山重融資租賃有限公司	Beijing 北京	920,000,000.00	Finance leasing 融資租賃業務	19.57%

7. Long-term equity investments

7. 長期股權投資

		2016 2016年	2015 2015年
Non-listed investment cost method Non-listed investment equity method	非上市投資成本法 非上市投資權益法	10,539,261,153.11 612,503,306.14	9,504,273,827.68 516,578,752.01
		11,151,764,459.25	10,020,852,579.69
Less: Provision for impairment of long-term equity investment	減：長期股權投資減值準備	-	-
		11,151,764,459.25	10,020,852,579.69

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

7. Long-term equity investments (Continued)

As at 31 December 2016, the breakdown of long-term equity investments under cost method was as follows:

十五、公司主要財務報表項目註釋(續)

7. 長期股權投資(續)

於2016年12月31日，成本法長期股權投資明細如下：

		Changes during the year 本年變動				Closing carrying amount 年末賬面價值	Closing provision for impairment 年末減值準備	Cash dividend distributed 發放現金股利
		Opening balance 年初餘額	Other increase 其他增加	Other decreases 其他減少	Additional investment 追加投資			
Weichai Power (Hong Kong) International Development Co., Ltd.	濰柴動力(香港)國際發展有限公司	2,087,069,782.12	-	-	-	2,087,069,782.12	-	-
Shaanxi Heavy-duty Motor Co., Ltd.	陝西重型汽車有限公司	1,992,116,000.85	-	-	-	1,992,116,000.85	-	21,930,000.00
Shaanxi Fast Gear Co., Ltd.	陝西法士特齒輪有限公司	1,082,558,680.59	-	-	-	1,082,558,680.59	-	195,875,046.72
Weichai (Chongqing) Automotive Co., Ltd.	濰柴(重慶)汽車有限公司	1,027,410,000.00	-	-	600,000,000.00	1,627,410,000.00	-	-
Zhuzhou Gear Co., Ltd.	株洲齒輪有限責任公司	532,334,743.21	-	-	-	532,334,743.21	-	-
Weichai Power (Weifang) Casting Co., Ltd.	濰柴動力(濰坊)鑄造有限公司	460,150,000.00	-	-	-	460,150,000.00	-	-
Weichai Power (Shanghai) Technology Development Co., Ltd.	濰柴動力(上海)科技發展有限公司	340,000,000.00	-	-	150,000,000.00	490,000,000.00	-	-
Weichai Power (Beijing) International Resource Investment Co., Ltd.	濰柴動力(北京)國際資源投資公司	300,000,000.00	-	-	-	300,000,000.00	-	-
Weichai America Corp.	Weichai America Corp.	262,811,997.28	-	-	27,526,050.00	290,338,047.28	-	-
Zhuzhou Torch Sparkplugs Co., Ltd.	株洲火炬火花塞有限責任公司	245,574,858.40	-	-	-	245,574,858.40	-	26,331,985.79
Weichai (Weifang) Medium-duty Diesel Engine Co., Ltd.	濰柴(濰坊)中型柴油機有限公司	-	-	-	244,712,475.43	244,712,475.43	-	-
Weichai Power (Chongqing) Western Development Co., Ltd.	濰柴動力(重慶)西部發展有限公司	240,000,000.00	-	-	-	240,000,000.00	-	-
Weichai (Weifang) After-sales Market Service Co., Ltd. *Note	濰柴(濰坊)後市場服務有限公司*註	101,410,238.34	61,421,542.47	-	-	162,831,780.81	-	80,951,240.45
Weichai Power (Qingzhou) Drive Control Technology Co., Ltd.	濰柴動力(青州)傳控技術有限公司	150,000,000.00	-	-	-	150,000,000.00	-	-
Zhuzhou Torch Machinery Manufacturing Co., Ltd.	株洲火炬機械製造有限責任公司	130,898,993.14	-	-	-	130,898,993.14	-	-
Weichai Power (Weifang) Reconstruction Co., Ltd.	濰柴動力(濰坊)再製造有限公司	122,000,000.00	-	-	-	122,000,000.00	-	22,334,720.87
Weichai Power Freshen Air Technology Co., Ltd.	濰柴動力空氣淨化科技有限公司	100,000,000.00	-	-	-	100,000,000.00	-	139,722,184.63
Weichai Power (Weifang) Equipment Service Co., Ltd.	濰柴動力(濰坊)裝備技術服務有限公司	76,000,000.00	-	-	-	76,000,000.00	-	-
Weichai Power Hydraulic Technology Co., Ltd.	濰柴動力液壓科技有限公司	50,000,000.00	-	-	-	50,000,000.00	-	107,760.12
Shandong Synergy Oil Co., Ltd.	山東聯濰油有限公司	50,715,383.36	-	(50,715,383.36)	-	-	-	125,735,090.36
10 subsidiaries which are not individually significant	單項不重大的10家子公司	153,223,150.39	-	(10,706,159.11)	12,748,800.00	155,265,791.28	-	41,513,881.61
		9,504,273,827.68	61,421,542.47	(61,421,542.47)	1,034,987,325.43	10,539,261,153.11	-	654,501,910.55

As at 31 December 2016, breakdown of long-term equity investments under equity method was as follows:

於2016年12月31日，權益法長期股權投資明細如下：

		Changes during the year 本年變動				Closing carrying amount 年末賬面價值	Closing provision for impairment 年末減值準備
		Opening balance 年初餘額	Addition during the year 本年新增	Investment gains and losses under the equity method 權益法下投資損益	Declared cash dividend 宣告現金股利		
Associates	聯營企業						
Shandong Heavy Industry Group Finance Co., Ltd.	山東重工集團財務有限公司	237,468,864.87	-	30,295,575.36	-	267,764,440.23	-
Shanzhong Finance Leasing Co., Ltd.	山重融資租賃有限公司	195,598,201.11	-	8,275,529.13	-	203,873,730.24	-
5 associates which are not individually significant	單項不重大的5家聯營企業	83,511,686.03	59,849,257.80	(2,495,808.16)	-	140,865,135.67	-
		516,578,752.01	59,849,257.80	36,075,296.33	-	612,503,306.14	-

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

7. Long-term equity investments (Continued)

As at 31 December 2015, the breakdown of long-term equity investments under cost method was as follows:

	Opening balance 年初餘額	Changes during the year 本年變動			Closing carrying amount 年末賬面價值	Closing provision for impairment 年末減值準備	Distributed cash dividend 發放現金股利
		Other increases 其他增加	Other decreases 其他減少	Additional investment 追加投資			
Weichai Power (Hong Kong) International Development Co., Ltd.	2,087,069,782.12	-	-	-	2,087,069,782.12	-	-
Shaanxi Heavy-duty Motor Co., Ltd.	1,992,116,000.85	-	-	-	1,992,116,000.85	-	10,200,000.00
Shaanxi Fast Gear Co., Ltd.	1,082,558,680.59	-	-	-	1,082,558,680.59	-	196,535,980.32
Weichai (Chongqing) Automotive Co., Ltd.	1,027,410,000.00	-	-	-	1,027,410,000.00	-	-
Zhuzhou Gear Co., Ltd.	532,334,743.21	-	-	-	532,334,743.21	-	-
Weichai Power (Weifang) Casting Co., Ltd.	460,150,000.00	-	-	-	460,150,000.00	-	-
Weichai Power (Shanghai) Technology Development Co., Ltd.	340,000,000.00	-	-	-	340,000,000.00	-	-
Weichai Power (Beijing) International Resource Investment Co., Ltd.	300,000,000.00	-	-	-	300,000,000.00	-	-
Weichai America Corp.	262,811,997.28	-	-	-	262,811,997.28	-	-
Zhuzhou Torch Sparkplugs Co., Ltd.	245,574,858.40	-	-	-	245,574,858.40	-	24,286,865.16
Weichai Power (Chongqing) Western Development Co., Ltd.	240,000,000.00	-	-	-	240,000,000.00	-	-
Weichai Power (Qingzhou) Drive Control Technology Co., Ltd.	150,000,000.00	-	-	-	150,000,000.00	-	-
Zhuzhou Torch Machinery Manufacturing Co., Ltd.	130,898,993.14	-	-	-	130,898,993.14	-	-
Weichai Power (Weifang) Reconstruction Co., Ltd.	122,000,000.00	-	-	-	122,000,000.00	-	24,725,174.26
Weichai Power (Weifang) Spare Part Resources Co., Ltd.	101,410,238.34	-	-	-	101,410,238.34	-	70,066,549.52
Weichai Power Freshen Air Technology Co., Ltd.	100,000,000.00	-	-	-	100,000,000.00	-	97,659,313.99
Weichai Power (Weifang) Equipment Service Co., Ltd.	76,000,000.00	-	-	-	76,000,000.00	-	-
Shandong Synergy Oil Co., Ltd.	9,426,918.00	-	-	41,288,465.36	50,715,383.36	-	-
Weichai Power Hydraulic Technology Co., Ltd.	50,000,000.00	-	-	-	50,000,000.00	-	-
11 subsidiaries which are not individually significant	179,467,644.14	12,118,687.10	(38,363,180.85)	-	153,223,150.39	-	12,088,284.77
	9,489,229,856.07	12,118,687.10	(38,363,180.85)	41,288,465.36	9,504,273,827.68	-	435,562,168.02

As at 31 December 2015, the breakdown of long-term equity investments under equity method was as follows:

	Opening balance 年初餘額	Changes during the year 本年變動			Closing carrying amount 年末賬面價值	Closing provision for impairment 年末減值準備
		Other decreases 其他減少	Investment gains and losses under the equity method 權益法下投資損益	Distributed cash dividend 發放現金股利		
Associates 聯營企業						
Shandong Heavy Industry Group Finance Co., Ltd.	228,029,963.54	-	22,718,404.78	(13,279,503.45)	237,468,864.87	-
Shanzhong Finance Leasing Co., Ltd.	195,590,022.32	-	8,067,878.79	(8,059,700.00)	195,598,201.11	-
4 associates which are not individually significant	142,612,852.33	(12,118,687.10)	(46,982,479.20)	-	83,511,686.03	-
	566,232,838.19	(12,118,687.10)	(16,196,195.63)	(21,339,203.45)	516,578,752.01	-

*Note Weichai Power (Weifang) Spare Part Resources Co., Ltd. acquired Weichai Power (Weifang) Oil Co., Ltd. by way of absorption and was renamed as Weichai (Weifang) After-sales Market Service Co., Ltd. during the year.

*註 原濰柴動力(濰坊)備品資源有限公司本年吸收合併濰柴動力(濰坊)油品有限公司，並更名為濰柴(濰坊)後市場服務有限公司。

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

十五、公司主要財務報表項目註釋(續)

8. Investment property

Subsequent measure under the cost model:
2016

8. 投資性房地產

採用成本模式進行後續計量：
2016年

		Houses and buildings 房屋及建築物	Land use rights 土地使用權	Total 合計
Gross carrying amount	原價			
Opening balance	年初餘額	1,418,955,971.19	100,766,676.00	1,519,722,647.19
Acquired directly	直接購入	-	68,152,648.98	68,152,648.98
Transfer from construction in progress	在建工程轉入	42,262,453.21	-	42,262,453.21
Other transfer-out	其他轉出	(16,518,800.68)	-	(16,518,800.68)
Closing balance	年末餘額	1,444,699,623.72	168,919,324.98	1,613,618,948.70
Accumulated depreciation and amortization	累計折舊和攤銷			
Opening balance	年初餘額	362,947,235.20	13,410,745.44	376,357,980.64
Provision	計提	71,808,489.22	7,151,833.53	78,960,322.75
Other transfer-out	其他轉出	(8,453,380.00)	-	(8,453,380.00)
Closing balance	年末餘額	426,302,344.42	20,562,578.97	446,864,923.39
Carrying amount	賬面價值			
Closing	年末	1,018,397,279.30	148,356,746.01	1,166,754,025.31
Opening	年初	1,056,008,735.99	87,355,930.56	1,143,364,666.55

2015

2015年

		Houses and buildings 房屋及建築物	Land use rights 土地使用權	Total 合計
Gross carrying amount	原價			
Opening balance	年初餘額	1,199,695,698.48	100,766,676.00	1,300,462,374.48
Transfer from construction in progress	在建工程轉入	219,260,272.71	-	219,260,272.71
Disposal and retirement	處置及報廢	-	-	-
Closing balance	年末餘額	1,418,955,971.19	100,766,676.00	1,519,722,647.19
Accumulated depreciation and amortization	累計折舊和攤銷			
Opening balance	年初餘額	295,269,424.01	11,395,411.93	306,664,835.94
Provision	計提	67,677,811.19	2,015,333.51	69,693,144.70
Closing balance	年末餘額	362,947,235.20	13,410,745.44	376,357,980.64
Carrying amount	賬面價值			
Closing	年末	1,056,008,735.99	87,355,930.56	1,143,364,666.55
Opening	年初	904,426,274.47	89,371,264.07	993,797,538.54

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

十五、公司主要財務報表項目註釋(續)

9. Fixed assets
2016

9. 固定資產
2016年

		Houses and buildings 房屋建築物	Machinery and equipment 機器設備	Electronic equipment 電子設備	Transportation equipment 運輸設備	Others 其他設備	Total 合計
Gross carrying amount	原價						
Opening balance	年初餘額	1,628,358,002.76	2,397,681,195.55	628,594,406.07	137,837,447.90	767,231,291.44	5,559,702,343.72
Acquisition	購置	-	1,074,422.51	11,614,906.55	453,035.17	165.00	13,142,529.23
Transfer from investment properties	投資性房地產轉入	16,518,800.68	-	-	-	-	16,518,800.68
Transfer from construction in progress	在建工程轉入	200,155,039.64	379,611,225.49	159,946,554.43	16,155,219.86	31,964,763.76	787,832,803.18
Disposal or retirement	出售及報廢	-	(37,554,932.42)	(4,635,707.28)	(1,187,171.85)	(16,030,106.29)	(59,407,917.84)
Closing balance	年末餘額	1,845,031,843.08	2,740,811,911.13	795,520,159.77	153,258,531.08	783,166,113.91	6,317,788,558.97
Accumulated depreciation	累計折舊						
Opening balance	年初餘額	408,813,248.82	1,386,152,224.08	474,149,804.82	111,021,536.83	535,270,801.98	2,915,407,616.53
Provision	計提	76,092,541.75	220,357,721.91	119,646,208.88	14,531,811.10	33,158,161.91	463,786,445.55
Transfer from construction in progress	投資性房地產轉入	8,453,380.00	-	-	-	-	8,453,380.00
Write-off	轉銷	-	(35,518,130.95)	(4,490,466.67)	(1,117,054.55)	(14,457,716.62)	(55,583,368.79)
Closing balance	年末餘額	493,359,170.57	1,570,991,815.04	589,305,547.03	124,436,293.38	553,971,247.27	3,332,064,073.29
Carrying amount	賬面價值						
Closing	年末	1,351,672,672.51	1,169,820,096.09	206,214,612.74	28,822,237.70	229,194,866.64	2,985,724,485.68
Opening	年初	1,219,544,753.94	1,011,528,971.47	154,444,601.25	26,815,911.07	231,960,489.46	2,644,294,727.19
2015		2015年					
		Houses and buildings 房屋及建築物	Machinery and equipment 機器設備	Electronic equipment 電子設備	Transportation equipment 運輸設備	Others 其他	Total 合計
Gross carrying amount	原價						
Opening balance	年初餘額	1,340,546,401.49	2,402,755,097.52	585,580,083.98	131,054,310.23	751,668,875.63	5,211,604,768.85
Acquisition	購置	-	28,350,932.95	18,899,385.76	126,000.00	74,777.77	47,451,096.48
Transfer from construction in progress	在建工程轉入	287,811,601.27	40,711,721.14	32,293,543.91	9,458,186.91	56,409,905.01	426,684,958.24
Disposal or retirement	處置或報廢	-	(74,136,556.06)	(8,178,607.58)	(2,801,049.24)	(40,922,266.97)	(126,038,479.85)
Closing balance	年末餘額	1,628,358,002.76	2,397,681,195.55	628,594,406.07	137,837,447.90	767,231,291.44	5,559,702,343.72
Accumulated depreciation	累計折舊						
Opening balance	年初餘額	337,853,883.50	1,240,545,766.39	404,464,357.62	100,000,024.22	507,987,284.60	2,590,851,316.33
Provision	計提	70,959,365.32	204,276,706.92	77,320,494.75	14,183,343.30	30,768,139.25	397,508,049.54
Disposal or retirement	處置或報廢	-	(58,670,249.23)	(7,635,047.55)	(3,161,830.69)	(3,484,621.87)	(72,951,749.34)
Closing balance	年末餘額	408,813,248.82	1,386,152,224.08	474,149,804.82	111,021,536.83	535,270,801.98	2,915,407,616.53
Carrying amount	賬面價值						
Closing	年末	1,219,544,753.94	1,011,528,971.47	154,444,601.25	26,815,911.07	231,960,489.46	2,644,294,727.19
Opening	年初	1,002,692,517.99	1,162,209,331.13	181,115,726.36	31,054,286.01	243,681,591.03	2,620,753,452.52

As at 31 December 2016, the carrying amount of houses and buildings of the Company that have not yet obtained real estate certificates was RMB610,850,600.36 (31 December 2015: RMB397,224,427.46).

於2016年12月31日，本公司尚未獲得房地產證的房屋建築物賬面價值為人民幣610,850,600.36元(2015年12月31日：人民幣397,224,427.46元)。

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

10. Intangible assets
2016

十五、公司主要財務報表項目註釋(續)

10. 無形資產
2016年

		Opening balance 年初數	Acquisition 購置	Disposal or retirement 處置或報廢	Closing balance 年末數
Gross carrying amount of asset	資產原價				
Technology know-how	專有技術	218,365,759.46	-	-	218,365,759.46
Trademark rights	商標使用權	124,448,000.00	-	-	124,448,000.00
Land use rights	土地使用權	260,497,899.05	216,584,093.62	-	477,081,992.67
Software	軟件	16,429,455.27	-	-	16,429,455.27
		619,741,113.78	216,584,093.62	-	836,325,207.40
		Opening balance 年初數	Provision 計提	Disposal or retirement 處置或報廢	Closing balance 年末數
Less: Accumulated amortization	減：累計攤銷				
Technology know-how	專有技術	218,180,268.95	58,575.94	-	218,238,844.89
Trademark rights	商標使用權	15,555,996.00	-	-	15,555,996.00
Land use rights	土地使用權	39,589,505.84	17,509,978.39	-	57,099,484.23
Software	軟件	16,200,110.54	119,658.12	-	16,319,768.66
		289,525,881.33	17,688,212.45	-	307,214,093.78
		Opening balance 年初數			Closing balance 年末數
Net carrying amount	賬面淨值				
Technology know-how	專有技術	185,490.51			126,914.57
Trademark rights	商標使用權	108,892,004.00			108,892,004.00
Land use rights	土地使用權	220,908,393.21			419,982,508.44
Software	軟件	229,344.73			109,686.61
		330,215,232.45			529,111,113.62

XV. NOTES TO KEY ITEMS OF THE COMPANY
FINANCIAL STATEMENTS (CONTINUED)

十五、公司主要財務報表項目註釋(續)

10. Intangible assets (Continued)

10. 無形資產(續)

2015

2015年

		Opening balance 年初數	Acquisition 購置	Disposal or retirement 處置或報廢	Closing balance 年末數
Gross carrying amount of asset	資產原價				
Technology know-how	專有技術	218,365,759.46	-	-	218,365,759.46
Trademark rights	商標使用權	124,448,000.00	-	-	124,448,000.00
Land use rights	土地使用權	260,497,899.05	-	-	260,497,899.05
Software	軟件	16,190,139.03	239,316.24	-	16,429,455.27
		619,501,797.54	239,316.24	-	619,741,113.78
		Opening balance 年初數	Provision 計提	Disposal or retirement 處置或報廢	Closing balance 年末數
Less: Accumulated amortization	減: 累計攤銷				
Technology know-how	專有技術	218,121,693.01	58,575.94	-	218,180,268.95
Trademark rights	商標使用權	15,555,996.00	-	-	15,555,996.00
Land use rights	土地使用權	34,232,125.25	5,357,380.59	-	39,589,505.84
Software	軟件	16,143,609.99	56,500.55	-	16,200,110.54
		284,053,424.25	5,472,457.08	-	289,525,881.33
		Opening balance 年初數			Closing balance 年末數
Net carrying amount	賬面淨值				
Technology know-how	專有技術	244,066.45			185,490.51
Trademark rights	商標使用權	108,892,004.00			108,892,004.00
Land use rights	土地使用權	226,265,773.80			220,908,393.21
Software	軟件	46,529.04			229,344.73
		335,448,373.29			330,215,232.45

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

11. Payroll payable
2016

十五、公司主要財務報表項目註釋(續)

11. 應付職工薪酬
2016年

		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額
Short-term remuneration	短期薪酬	437,166,732.53	1,042,385,145.95	928,213,537.18	551,338,341.30
Post-employment benefits (Defined contribution plan)	離職後福利 (設定提存計劃)	8,118,912.99	129,017,662.10	129,312,569.32	7,824,005.77
Severance benefits Portion payable within one year	辭退福利 一年內支付的部分	26,456,460.69	51,151,425.23	48,310,891.92	29,296,994.00
		471,742,106.21	1,222,554,233.28	1,105,836,998.42	588,459,341.07

2015

2015年

		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額
Short-term remuneration	短期薪酬	531,482,274.49	767,617,167.41	861,932,709.37	437,166,732.53
Post-employment benefits (Defined contribution plan)	離職後福利 (設定提存計劃)	8,458,501.71	144,912,147.02	145,251,735.74	8,118,912.99
Severance benefits Portion payable within one year	辭退福利 一年內支付的部分	2,877,585.46	44,994,953.29	21,416,078.06	26,456,460.69
		542,818,361.66	957,524,267.72	1,028,600,523.17	471,742,106.21

Short-term remuneration is as follows:

短期薪酬如下：

2016

2016年

		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額
Salaries, bonuses, allowances and subsidies	工資、獎金、津貼和補貼	383,180,986.54	834,989,088.52	(727,487,145.71)	490,682,929.35
Staff welfare	職工福利費	465,455.30	38,189,270.38	(38,083,614.23)	571,111.45
Social security	社會保險費	2,755,038.77	77,856,500.95	(78,048,601.71)	2,562,938.01
Housing funds	住房公積金	6,746,296.10	56,521,592.12	(55,245,736.10)	8,022,152.12
Union running costs and employee education costs	工會經費和職工教育經費	44,018,955.82	34,828,693.98	(29,348,439.43)	49,499,210.37
		437,166,732.53	1,042,385,145.95	(928,213,537.18)	551,338,341.30

XV. NOTES TO KEY ITEMS OF THE COMPANY
FINANCIAL STATEMENTS (CONTINUED)

十五、公司主要財務報表項目註釋(續)

11. Payroll payable (Continued)

11. 應付職工薪酬(續)

Short-term remuneration is as follows: (Continued)

短期薪酬如下：(續)

2015

2015年

		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額
Salaries, bonuses, allowances and subsidies	工資、獎金、津貼和補貼	487,657,187.07	562,158,931.01	(666,635,131.54)	383,180,986.54
Staff welfare	職工福利費	662,231.41	29,660,781.31	(29,857,557.42)	465,455.30
Social security	社會保險費	2,726,081.38	83,508,780.83	(83,479,823.44)	2,755,038.77
Housing funds	住房公積金	6,406,110.49	64,402,844.49	(64,062,658.88)	6,746,296.10
Union running costs and employee education costs	工會經費和職工教育經費	34,030,664.14	27,885,829.77	(17,897,538.09)	44,018,955.82
		531,482,274.49	767,617,167.41	(861,932,709.37)	437,166,732.53

Defined contribution plan is as follows:

設定提存計劃如下：

2016

2016年

		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額
Basic pension insurance	基本養老保險	4,732,358.09	85,918,664.68	(85,918,664.68)	4,732,358.09
Unemployment insurance	失業保險費	-	4,611,833.81	(4,611,833.81)	-
Corporate contribution to pension fund	企業年金繳費	3,386,554.90	38,487,163.61	(38,782,070.83)	3,091,647.68
		8,118,912.99	129,017,662.10	(129,312,569.32)	7,824,005.77

2015

2015年

		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額
Basic pension insurance	基本養老保險	4,872,751.98	97,093,106.03	(97,233,499.92)	4,732,358.09
Unemployment insurance	失業保險費	-	5,460,465.75	(5,460,465.75)	-
Corporate contribution to pension fund	企業年金繳費	3,585,749.73	42,358,575.24	(42,557,770.07)	3,386,554.90
		8,458,501.71	144,912,147.02	(145,251,735.74)	8,118,912.99

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

12. Taxes payable

		2016 2016年	2015 2015年
Value-added tax	增值稅	162,246,069.48	5,327,511.95
Corporate income tax	企業所得稅	285,439,392.25	4,124,748.42
Individual income tax	個人所得稅	18,352,813.91	8,232,374.10
Property tax	房產稅	5,626,850.84	8,836,993.87
Stamp duty	印花稅	7,139,337.84	5,402,879.94
Land use tax	土地使用稅	5,884,658.84	5,500,041.00
City construction tax	城建稅	11,361,237.78	397,382.34
Business tax	營業稅	-	337,696.70
Educational surtax	教育費附加	8,115,169.87	283,844.54
Others	其他	1,550,894.73	3,494.37
		505,716,425.54	38,446,967.23

13. Other current liabilities

13. 其他流動負債

		2016 2016年	2015 2015年
Expected after-sales expenses (Note)	預計三包費(註)	725,109,205.14	474,669,460.90

Note: The Company's expected after-sales expenses were recognized according to the historical after-sale expenses incurred for the units of product effectively sold and the number of product sold which are still within the after-sale period.

註：本公司預計三包費用根據歷史上實際發生單位產品的三包費用和尚在三包期內的已售產品數量計提。

XV. NOTES TO KEY ITEMS OF THE COMPANY
FINANCIAL STATEMENTS (CONTINUED)

十五、公司主要財務報表項目註釋(續)

14. Deferred income

14. 遞延收益

		2016 2016年	2015 2015年
Land-related government grant	與土地相關的政府補助	321,818,646.68	285,462,657.32
Industry revitalization and technical renovation special fund	產業振興和技改專項資金	66,927,847.36	9,257,847.40
Position-based allowances for project teams	科研項目人才團隊崗位津貼等	48,585,229.00	29,473,900.00
		437,331,723.04	324,194,404.72

As at 31 December 2016, Items of liabilities involving government grant are as follows:

於2016年12月31日，涉及政府補助的負債項目如下：

		Opening balance 年初金額	Addition during the year 本年新增	Taken to non-operating income during the year 本年計入 營業外收入	Closing balance 年末餘額	Related to assets/ income 與資產/ 收益相關
Land-related government grant	與土地相關的政府補助	285,462,657.32	45,833,742.00	9,477,752.64	321,818,646.68	Related to assets 與資產相關
Industry revitalization and technical renovation special fund	產業振興和技改專項資金	9,257,847.40	58,800,000.00	1,130,000.04	66,927,847.36	Related to assets 與資產相關
Position-based allowances for scientific research project teams	科研項目人才團隊 崗位津貼等	29,473,900.00	38,224,161.00	19,112,832.00	48,585,229.00	Related to income 與收益相關
		324,194,404.72	142,857,903.00	29,720,584.68	437,331,723.04	

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

十五、公司主要財務報表項目註釋(續)

14. Deferred income(Continued)

As at 31 December 2015, Items of liabilities involving government grant are as follows:

14. 遞延收益(續)

於2015年12月31日，涉及政府補助的負債項目如下：

		Opening balance	Addition during the year	Taken to non-operating income during the year	Closing balance	Related to assets/income
		年初金額	本年新增	本年計入營業外收入	年末餘額	與資產/收益相關
Land-related government grant	與土地相關的政府補助	246,249,585.56	42,120,000.00	2,906,928.24	285,462,657.32	Related to assets
Industry revitalization and technical renovation special fund	產業振興和技改專項資金	13,113,660.93	-	3,855,813.53	9,257,847.40	與資產相關
Position-based allowances for scientific research project teams	科研項目人才團隊崗位津貼等	-	29,473,900.00	-	29,473,900.00	Related to income
		259,363,246.49	71,593,900.00	6,762,741.77	324,194,404.72	與收益相關

15. Revenue and cost of sales

15. 營業收入及成本

		2016 2016年		2015 2015年	
		Revenue 收入	Cost 成本	Revenue 收入	Cost 成本
Principal operations	主營業務	19,581,588,538.24	14,483,255,015.30	12,118,865,725.16	9,191,260,379.45
Other revenue	其他業務	957,078,783.85	914,110,027.64	776,888,720.81	725,015,391.24
		20,538,667,322.09	15,397,365,042.94	12,895,754,445.97	9,916,275,770.69

Revenue is listed as follows:

營業收入列示如下：

		2016 2016年	2015 2015年
Motors	發動機	19,174,542,195.41	11,813,897,889.28
Sale of raw materials	原材料銷售	205,668,385.46	215,016,080.68
Automotive components	汽車零部件	407,046,342.84	251,501,636.22
Leasing of fixed assets	出租固定資產	80,442,127.10	85,065,583.62
Others	其他	670,968,271.28	530,273,256.17
Total	合計	20,538,667,322.09	12,895,754,445.97

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

十五、公司主要財務報表項目註釋(續)

16. Investment income

16. 投資收益

		2016 2016年	2015 2015年
Gain on long-term equity investments under the cost method	成本法核算的長期股權投資收益	654,501,910.55	435,562,168.02
Gain/(loss) on long-term equity investments under the equity method	權益法核算的長期股權投資收益/(損失)	36,075,296.33	(16,196,195.63)
Investment income arising from the disposal of other long-term equity investments	處置其他長期股權投資產生的投資收益	-	11,227,751.15
Investment income during the period in which available-for-sale financial assets were held	持有可供出售金融資產期間取得的投資收益	1,480,000.00	1,720,000.00
		692,057,206.88	432,313,723.54

17. Expenses by nature

The supplemental information of the Company's cost of sales, distribution and selling expenses, general and administrative expenses which are categorized by nature is as follows:

17. 費用按性質分類

本公司營業成本、銷售費用、管理費用費用按照性質分類的補充資料如下：

		2016 2016年	2015 2015年
Materials used	耗用的材料	14,245,613,183.54	7,484,006,321.87
Staff remuneration	職工薪酬	1,222,554,233.27	969,917,317.31
Technological development costs	技術開發費	585,147,242.31	714,763,756.98
Movement of inventories of finished goods and work in progress	產成品及在產品存貨變動	(490,543,793.32)	644,735,340.02
Depreciation and amortization expenses	折舊費和攤銷費用	562,925,976.75	466,944,579.38
Rental	租金	23,668,109.84	12,030,720.81
Others	其他	1,709,850,868.42	1,451,502,387.68
		17,859,215,818.81	11,743,900,424.05

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

18. Income tax expenses

十五、公司主要財務報表項目註釋(續)

18. 所得稅費用

		2016 2016年	2015 2015年
Current tax expenses	當期所得稅費用	471,426,572.02	81,406,545.52
Deferred tax expenses	遞延所得稅費用	(102,035,190.00)	103,809,704.52
		369,391,382.02	185,216,250.04

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

所得稅費用與利潤總額的關係列示如下：

		2016 2016年	2015 2015年
Total profit	利潤總額	3,356,898,248.76	1,873,584,358.57
Tax at the preferential tax rate	按優惠稅率計算的稅項	503,534,737.31	281,037,653.79
Adjustments to current tax of previous periods	對以前期間當期所得稅的調整	(519,258.42)	(133,026.46)
Income not subject to tax	無須納稅的收入	(98,397,286.58)	(65,592,325.20)
Expenses not deductible for tax	不可抵扣的費用	3,736,297.99	716,298.68
Profit and loss attributable to associates	歸屬於聯營公司的損益	(5,411,294.45)	-
Deductions for research and development costs	研發費用加計扣除	(33,551,813.83)	(30,812,350.77)
Tax expenses at the Company's effective tax rate	按本公司實際稅率計算的所得稅費用	369,391,382.02	185,216,250.04

XV. NOTES TO KEY ITEMS OF THE COMPANY
FINANCIAL STATEMENTS (CONTINUED)

十五、公司主要財務報表項目註釋(續)

19. Supplement to cash flow statement

19. 現金流量表補充資料

		2016 2016年	2015 2015年
Net profit	淨利潤	2,987,506,866.74	1,688,368,108.53
Add: Provision for impairment of assets	加：計提的資產減值準備	49,949,570.65	(11,296,945.18)
Increase in special reserve	專項儲備的增加	6,366,121.82	12,487,658.98
Depreciation of fixed assets and investment properties	固定資產及投資性房地產折舊	542,746,768.30	467,201,194.24
Amortization of intangible assets	無形資產攤銷	17,688,212.45	5,472,457.08
Amortization of long-term deferred expenses	長期待攤費用攤銷	2,490,996.00	2,490,996.00
(Gain)/loss on disposal of fixed assets, intangible assets and other long-term assets	處置固定資產、無形資產和其他長期資產的(收益)/損失	(6,747,767.15)	(650,891.78)
Finance expenses	財務費用	47,957,761.60	102,463,604.16
Investment income	投資收益	(692,057,206.88)	(432,313,723.54)
(Increase)/decrease in deferred tax assets	遞延所得稅資產的(增加)/減少	(102,035,190.00)	104,229,704.52
(Increase)/decrease in inventories	存貨的(增加)/減少	(449,771,147.54)	614,435,290.24
(Increase)/decrease in operating receivables	經營性應收項目的(增加)/減少	(7,803,357,663.82)	2,919,655,535.92
Increase/(decrease) in operating payables	經營性應付項目的增加/(減少)	5,725,321,592.88	(5,535,695,907.69)
Net cash flow from operating activities	經營活動產生的現金流量淨額	326,058,915.05	(63,152,918.52)

XV. NOTES TO KEY ITEMS OF THE COMPANY
FINANCIAL STATEMENTS (CONTINUED)

20. Cash and cash equivalents

十五、公司主要財務報表項目註釋(續)

20. 現金及現金等價物

		2016 2016年	2015 2015年
Cash	現金		
Incl: Cash on hand	其中：庫存現金	260,232.34	231,540.67
Bank deposit on demand	可隨時用於支付的 銀行存款	9,744,015,449.37	12,429,138,306.98
Closing balance of cash and cash equivalents	年末現金及現金等價物餘額	9,744,275,681.71	12,429,369,847.65
		2016 2016年	2015 2015年
Closing balance of cash and cash equivalents	年末貨幣資金餘額	9,759,458,242.20	12,447,686,804.26
Less: Balance of restricted cash and cash equivalents	減：使用受到限制的 貨幣資金餘額	15,182,560.49	18,316,956.61
Closing balance of cash and cash equivalents	年末現金及現金等價物餘額	9,744,275,681.71	12,429,369,847.65



Ernst & Young Hua Ming (2016) Shen Zi No. 60729920_B01

安永華明(2016)審字第60729920_B01號

To the Shareholders of Weichai Power Co., Ltd.:

濰柴動力股份有限公司全體股東：

We have audited the accompanying financial statements of Weichai Power Co., Ltd. which comprise the consolidated and company balance sheets as at 31 December 2015, the consolidated and company income statements, statement of changes in equity and cash flow statement for the year 2015 and notes to the financial statements.

我們審計了後附的濰柴動力股份有限公司的財務報表，包括2015年12月31日合併及公司的資產負債表，2015年度合併及公司的利潤表、股東權益變動表和現金流量表以及財務報表附註。

I. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The management of Weichai Power Co., Ltd. is responsible for the preparation and fair presentation of financial statements. Such responsibility includes: (1) preparation of the financial statements in accordance with the Accounting Standards for Business Enterprises to ensure fair representation; (2) the design, implementation and maintenance of necessary internal controls so that the financial statements are free from material misstatement whether due to fraud or error.

一、管理層對財務報表的責任

編製和公允列報財務報表是濰柴動力股份有限公司管理層的責任。這種責任包括：(1)按照企業會計準則的規定編製財務報表，並使其實現公允反映；(2)設計、執行和維護必要的內部控制，以使財務報表不存在由於舞弊或錯誤導致的重大錯報。

II. RESPONSIBILITY OF THE CERTIFIED PUBLIC ACCOUNTANT

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Chinese Auditing Standards issued by the Chinese Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements of the Chinese Certified Public Accountants and plan and perform the audit to obtain a reasonable assurance as to whether the financial statements are free from material misstatement.

二、註冊會計師的責任

我們的責任是在執行審計工作的基礎上對財務報表發表審計意見。我們按照中國註冊會計師審計準則的規定執行了審計工作。中國註冊會計師審計準則要求我們遵守中國註冊會計師職業道德守則，計劃和執行審計工作以對財務報表是否不存在重大錯報獲取合理保證。

Ernst & Young Hua Ming (2016) Shen Zi No. 60729920_B01

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the certified public accountant's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, certified public accountants consider the internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. OPINION

In our opinion, the financial statements have been prepared in accordance with Accounting Standards for Business Enterprises, and present fairly, in all material aspects, the consolidated and company financial position as at 31 December 2015 and the consolidated and company results of operations and cash flows of Weichai Power Co., Ltd. for the year 2015.

Ernst & Young Hua Ming LLP

Beijing, PRC

Chinese Certified Public Accountant:

Zhang Fei

Chinese Certified Public Accountant:

You Jin

30 March 2016

安永華明(2016)審字第60729920_B01號

審計工作涉及實施審計程序，以獲取有關財務報表金額和披露的審計證據。選擇的審計程序取決於註冊會計師的判斷，包括對由於舞弊或錯誤導致的財務報表重大錯報風險的評估。在進行風險評估時，註冊會計師考慮與財務報表編製和公允列報相關的內部控制，以設計恰當的審計程序，但目的並非對內部控制的有效性發表意見。審計工作還包括評價管理層選用會計政策的恰當性和作出會計估計的合理性，以及評價財務報表的總體列報。

我們相信，我們獲取的審計證據是充分、適當的，為發表審計意見提供了基礎。

三、審計意見

我們認為，上述財務報表在所有重大方面按照企業會計準則的規定編製，公允反映了濰柴動力股份有限公司2015年12月31日的合併及公司的財務狀況以及2015年度的合併及公司的經營成果和現金流量。

安永華明會計師事務所(特殊普通合伙)

中國北京

中國註冊會計師：

張飛

中國註冊會計師：

游瑾

2016年3月30日

CONSOLIDATED BALANCE SHEET

31 December 2015 (Expressed in Renminbi Yuan)

合併資產負債表

二零一五年十二月三十一日(人民幣元)

ASSETS	資產	Note V 附註五	31 December 2015 2015年12月31日	31 December 2014 2014年12月31日
Current assets	流動資產			
Cash and cash equivalents	貨幣資金	1	24,601,345,959.52	24,434,414,214.89
Financial assets at fair value through profit or loss	以公允價值計量且其變動計入當期損益的金融資產	2	37,867,082.40	66,996,021.60
Notes receivable	應收票據	3	8,927,939,101.91	13,780,880,376.52
Accounts receivable	應收賬款	4	8,976,615,257.47	9,660,031,602.65
Prepayments	預付款項	5	401,642,433.45	487,985,072.32
Interests receivable	應收利息	6	53,906,611.07	134,246,230.24
Dividends receivable	應收股利	7	6,480,000.00	3,040,000.00
Other receivables	其他應收款	8	645,771,489.45	871,642,626.76
Inventories	存貨	9	11,841,614,673.51	12,614,740,002.08
Classified as available-for-sale assets	劃分為持有待售的資產		-	35,770,735.32
Non-current assets due within one year	一年內到期的非流動資產	10	1,289,424,886.40	1,509,870,834.00
Other current assets	其他流動資產	11	970,236,409.05	772,177,588.25
Total current assets	流動資產合計		57,752,843,904.23	64,371,795,304.63
Non-current assets	非流動資產			
Available-for-sale financial assets	可供出售金融資產	12	650,293,280.51	431,617,288.51
Long-term receivables	長期應收款	13	3,348,884,733.60	2,574,098,089.20
Long-term equity investments	長期股權投資	14	1,447,150,166.18	1,477,725,658.30
Investment property	投資性房地產	15	588,890,842.52	522,163,315.32
Fixed assets	固定資產	16	23,665,762,793.11	23,509,392,694.25
Construction in progress	在建工程	17	2,589,410,278.91	3,421,243,155.61
Materials used in construction	工程物資		1,200.00	2,692.31
Disposal of fixed assets	固定資產清理		1,846,883.91	1,965,332.73
Intangible assets	無形資產	18	12,860,379,962.34	13,842,471,750.91
Development expenditure	開發支出	19	466,068,766.97	533,706,390.76
Goodwill	商譽	20	7,786,251,491.45	7,774,054,477.18
Long-term prepaid expenses	長期待攤費用	21	314,381,969.58	168,785,139.70
Deferred tax assets	遞延所得稅資產	22	3,152,666,737.05	3,453,989,113.43
Other non-current assets	其他非流動資產	23	248,554,796.59	172,564,779.00
Total non-current assets	非流動資產合計		57,120,543,902.72	57,883,779,877.21
Total assets	資產總計		114,873,387,806.95	122,255,575,181.84

The financial statements have been signed by:

財務報表由以下人士簽署：

Legal Representative:

法定代表人：

Tan Xuguang

譚旭光

Principal in charge of accounting:

主管會計工作負責人：

Kwong Kwan Tong

鄭焜堂

Head of accounting department:

會計機構負責人：

Wang Junwei

王俊偉

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2015 (Expressed in Renminbi Yuan)

合併資產負債表(續)

二零一五年十二月三十一日(人民幣元)

LIABILITIES AND EQUITY	負債和股東權益	Note V 附註五	31 December 2015 2015年12月31日	31 December 2014 2014年12月31日
Current liabilities	流動負債			
Short-term loans	短期借款	24	2,961,108,213.46	2,765,864,402.35
Financial liabilities at fair value through profit or loss	以公允價值計量且其變動計入當期損益的金融負債	25	92,014,803.10	76,807,591.20
Notes payable	應付票據	26	5,283,915,078.21	10,867,683,844.51
Accounts payable	應付賬款	27	14,264,753,447.71	15,922,080,225.78
Advances from customers	預收款項	28	1,637,474,054.56	1,479,206,814.82
Payroll payable	應付職工薪酬	29	3,129,536,423.85	3,115,024,045.45
Taxes payable	應交稅費	30	1,235,566,698.13	1,249,956,877.43
Interests payable	應付利息	31	208,738,518.56	196,311,317.66
Dividends payable	應付股利	32	5,129,313.52	34,772,276.45
Other payables	其他應付款	33	3,786,905,225.80	4,235,819,685.51
Non-current liabilities due within one year	一年內到期的非流動負債	34	5,246,338,509.59	5,634,124,985.20
Other current liabilities	其他流動負債	35	2,018,326,655.18	2,482,364,929.13
Total current liabilities	流動負債合計		39,869,806,941.67	48,060,016,995.49
Non-current liabilities	非流動負債			
Long-term borrowings	長期借款	36	7,283,743,346.45	7,271,880,584.20
Bonds payable	應付債券	37	5,985,529,194.60	5,834,582,252.32
Long-term payables	長期應付款	38	6,604,099,856.80	5,185,606,146.40
Long-term payroll payable	長期應付職工薪酬	39	6,928,175,204.92	7,073,983,911.20
Special payables	專項應付款	40	43,000,000.00	43,000,000.00
Provision	預計負債	41	286,177,796.80	444,249,381.60
Deferred income	遞延收益	42	2,279,402,483.75	1,983,761,896.93
Deferred tax liabilities	遞延所得稅負債	22	3,825,631,719.50	4,384,956,540.33
Other non-current liabilities	其他非流動負債		41,337,675.89	31,649,140.04
Total non-current liabilities	非流動負債合計		33,277,097,278.71	32,253,669,853.02
Total liabilities	負債總計		73,146,904,220.38	80,313,686,848.51

The financial statements have been signed by:

財務報表由以下人士簽署：

Legal Representative:

法定代表人：

Tan Xuguang

譚旭光

Principal in charge of accounting:

主管會計工作負責人：

Kwong Kwan Tong

鄭焜堂

Head of accounting department:

會計機構負責人：

Wang Junwei

王俊偉

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2015 (Expressed in Renminbi Yuan)

合併資產負債表(續)

二零一五年十二月三十一日(人民幣元)

LIABILITIES AND EQUITY	負債和股東權益	Note V 附註五	31 December 2015 2015年12月31日	31 December 2014 2014年12月31日
Shareholders' equity	股東權益			
Share capital	股本	43	3,998,619,278.00	1,999,309,639.00
Capital reserve	資本公積	44	27,883,109.16	1,288,252,938.51
Other comprehensive income	其他綜合收益	45	(502,508,673.78)	(388,485,902.69)
Special reserve	專項儲備	46	78,839,437.56	51,026,772.11
Surplus reserve	盈餘公積	47	1,207,988,900.22	3,051,742,591.19
Retained earnings	未分配利潤	48	26,918,633,619.95	26,397,531,915.03
Total equity attributable to the shareholders of the parent	歸屬於母公司股東權益合計		31,729,455,671.11	32,399,377,953.15
Minority interests	少數股東權益		9,997,027,915.46	9,542,510,380.18
Total shareholders' equity	股東權益合計		41,726,483,586.57	41,941,888,333.33
Total liabilities and shareholders' equity	負債和股東權益總計		114,873,387,806.95	122,255,575,181.84

The financial statements have been signed by:

財務報表由以下人士簽署：

Legal Representative:

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Tan Xuguang

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Kwong Kwan Tong

鄺焜堂

Head of accounting department:

會計機構負責人：

Wang Junwei

王俊偉

CONSOLIDATED INCOME STATEMENT

Year 2015 (Expressed in Renminbi Yuan)

合併利潤表

二零一五年度(人民幣元)

		Note V 附註五	2015 2015年	2014 2014年
Revenue	營業收入	49	73,719,915,760.01	79,637,161,537.13
Less: Cost of sales	減：營業成本	49	56,760,116,064.47	62,618,910,510.49
Taxes and surcharges	營業稅金及附加	50	184,072,487.97	266,085,495.56
Distribution and selling expenses	銷售費用	51	6,246,169,457.81	5,092,578,585.64
General and administrative expenses	管理費用	52	7,173,821,367.35	6,426,873,646.46
Finance expenses	財務費用	53	485,837,186.81	23,084,727.66
Impairment loss of assets	資產減值損失	54	383,379,700.70	275,398,913.11
Add: Gain or loss on change of fair value	加：公允價值變動損益	55	(23,353,073.10)	(156,271,038.41)
Investment income	投資收益	56	114,954,618.74	1,714,840,638.18
<i>Incl: investment income from associates and jointly controlled enterprises</i>	其中：對聯營企業和合營企業的投資收益		32,180,889.65	103,753,902.61
Operating profit	營業利潤		2,578,121,040.54	6,492,799,257.98
Add: Non-operating income	加：營業外收入	57	693,623,096.77	509,921,941.27
<i>Incl: Gain on disposal of non-current assets</i>	其中：非流動資產處置利得		66,967,177.83	40,801,757.28
Less: Non-operating expenses	減：營業外支出	58	188,324,265.84	134,273,707.02
<i>Incl: Loss on disposal of non-current assets</i>	其中：非流動資產處置損失		26,387,889.76	57,486,612.73
Total profit	利潤總額	59	3,083,419,871.47	6,868,447,492.23
Less: Income tax expenses	減：所得稅費用	60	920,745,741.27	1,150,243,529.42
Net profit	淨利潤		2,162,674,130.20	5,718,203,962.81
Net profit attributable to the shareholders of the parent	歸屬於母公司股東的淨利潤		1,390,576,941.23	5,002,427,212.65
Minority interests	少數股東損益		772,097,188.97	715,776,750.16

The financial statements have been signed by:

財務報表由以下人士簽署：

Legal Representative:

Principal in charge of accounting:

Head of accounting department:

法定代表人：

主管會計工作負責人：

會計機構負責人：

Tan Xuguang

Kwong Kwan Tong

Wang Junwei

譚旭光

鄺焜堂

王俊偉

CONSOLIDATED INCOME STATEMENT (CONTINUED)

Year 2015 (Expressed in Renminbi Yuan)

合併利潤表(續)

二零一五年度(人民幣元)

		Note V 附註五	2015 2015年	2014 2014年
Net other comprehensive income after tax	其他綜合收益的稅後淨額			
Net other comprehensive income attributable to shareholders of the parent after tax	歸屬於母公司股東的其他綜合收益的稅後淨額		(114,022,771.09)	(370,524,964.48)
Those other comprehensive income not to be reclassified into profit or loss in subsequent periods	以後不能重分類進損益的其他綜合收益			
Changes arising from re-measuring net assets or net liabilities of defined benefit plan	重新計量設定受益計劃淨負債或淨資產的變動		18,752,496.53	(308,340,448.45)
Share of investee's other comprehensive income not to be reclassified into profit or loss using the equity method	權益法下在被投資單位不能重分類進損益的其他綜合收益中所享有的份額		5,240,567.93	(162,692,384.76)
Those other comprehensive income to be reclassified into profit or loss	以後將重分類進損益的其他綜合收益			
Share of investee's other comprehensive income to be reclassified into profit or loss using the equity method	權益法下在被投資單位將重分類進損益的其他綜合收益中所享有的份額		7,779,405.56	64,610,512.58
Change of fair value of available-for-sale financial assets	可供出售金融資產公允價值變動		2,380,000.00	39,440,000.00
Effective portion of cashflow from hedging instrument	現金流量套期工具的有效部分		10,823,089.03	(6,420,300.47)
Exchange differences on foreign currency translation	外幣財務報表折算差額		(158,998,330.14)	2,877,656.62
Net other comprehensive income attributable to minority owners after tax	歸屬於少數股東的其他綜合收益的稅後淨額		(15,335,441.49)	(1,042,984,578.07)
Total comprehensive income	綜合收益總額		2,033,315,917.62	4,304,694,420.26
Incl:	其中:			
Total comprehensive income attributable to the shareholders of the parent	歸屬於母公司股東的綜合收益總額		1,276,554,170.14	4,631,902,248.17
Total comprehensive income attributable to minority owners	歸屬於少數股東的綜合收益總額		756,761,747.48	(327,207,827.91)
Earnings per share	每股收益	61		
Basic earnings per share	基本每股收益		0.35元	1.25元
Diluted earnings per share	稀釋每股收益		0.35元	1.25元

The financial statements have been signed by:

財務報表由以下人士簽署:

Legal Representative:
法定代表人:

Principal in charge of accounting:
主管會計工作負責人:

Head of accounting department:
會計機構負責人:

Tan Xuguang
譚旭光

Kwong Kwan Tong
鄭焜堂

Wang Junwei
王俊偉

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year 2015 (Expressed in Renminbi Yuan)

合併股東權益變動表

二零一五年度(人民幣元)

2015

2015年

	Note V 附註五	Equity attributable to shareholders of the parent 歸屬於母公司股東權益								Minority interests 少數股東權益	Total equity 股東權益合計
		Share capital 股本	Capital reserve 資本公積	Other comprehensive income 其他綜合收益	Special reserve 專項儲備	Surplus reserve 盈餘公積	Retained earnings 未分配利潤	Subtotal 小計			
I. At beginning of year, before adjustment	一、調整前本年年初餘額	1,999,309,639.00	1,288,252,938.51	(342,209,472.70)	51,026,772.11	3,051,742,591.19	26,419,607,056.45	32,467,729,524.56	8,386,683,156.04	40,854,412,680.60	
1. Adjustment for the apportionment of consideration of the business combination	1. 企業合併對價分攤調整	-	-	(46,276,429.99)	-	-	(22,075,141.42)	(68,351,571.41)	1,155,827,224.14	1,087,475,652.73	
II. At beginning of year, after adjustment	二、調整後本年年初餘額	1,999,309,639.00	1,288,252,938.51	(388,485,902.69)	51,026,772.11	3,051,742,591.19	26,397,531,915.03	32,399,377,953.15	9,542,510,380.18	41,941,888,333.33	
III. Movements in current year	三、本年增減變動金額										
(I) Total comprehensive revenue	(一) 綜合收益總額	-	-	(114,022,771.09)	-	-	1,390,576,941.23	1,276,554,170.14	756,761,747.48	2,033,315,917.62	
(II) Injection and reduction	(二) 股東投入和減少資本										
1. Capital injection from shareholders	1. 股東投入資本	-	-	-	-	-	-	-	152,721,584.46	152,721,584.46	
2. Amount of share-based payment taken to owners' equity	2. 股份支付計入所有者權益的金額	44	985,150.78	-	-	-	-	985,150.78	1,590,406.82	2,575,557.60	
3. Acquisition of minority interests	3. 收購少數股東權益	44	(1,261,738,455.38)	-	-	(13,280,862.82)	-	(1,275,019,318.20)	54,162,162.07	(1,220,857,156.13)	
4. Disposal of minority interests	4. 減少少數股東權益	-	-	-	-	-	-	-	(79,045,948.65)	(79,045,948.65)	
5. Others	5. 其他	-	383,475.25	-	-	-	-	383,475.25	(73,161.89)	310,313.36	
(III) Profit appropriation	(三) 利潤分配										
1. Appropriation to surplus reserve	1. 提取盈餘公積	-	-	-	-	168,836,810.85	(168,836,810.85)	-	-	-	
2. Distribution to owners	2. 對股東的分配	48	-	-	-	-	(699,758,373.65)	(699,758,373.65)	(441,420,241.88)	(1,141,178,615.53)	
3. Appropriation to staff benefit fund	3. 提取職工福利基金	-	-	-	-	-	(880,051.81)	(880,051.81)	(293,350.60)	(1,173,402.41)	
(IV) Internal transfer of owners' equity	(四) 所有者權益內部結轉										
1. Capitalization of surplus reserve	1. 盈餘公積轉增資本	1,999,309,639.00	-	-	-	(1,999,309,639.00)	-	-	-	-	
(V) Special reserve	(五) 專項儲備										
1. Appropriation during the year	1. 本年提取	46	-	-	78,605,603.31	-	-	78,605,603.31	32,449,826.23	111,055,429.54	
2. Used during the year	2. 本年使用	46	-	-	(50,792,937.86)	-	-	(50,792,937.86)	(22,335,488.76)	(73,128,426.62)	
IV. At end of year	四、本年年末餘額	3,998,619,278.00	27,883,109.16	(502,508,673.78)	78,839,437.56	1,207,988,900.22	26,918,633,619.95	31,729,455,671.11	9,997,027,915.46	41,726,483,586.57	

The financial statements have been signed by:

財務報表由以下人士簽署：

Legal Representative:

法定代表人：

Tan Xuguang
譚旭光

Principal in charge of accounting:

主管會計工作負責人：

Kwong Kwan Tong
鄭焜堂

Head of accounting department:

會計機構負責人：

Wang Junwei
王俊偉

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
Year 2015 (Expressed in Renminbi Yuan)

合併股東權益變動表(續)
二零一五年度(人民幣元)

2014

2014年

		Equity attributable to shareholders of the parent 歸屬於母公司股東權益									
		Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal	Minority interests	Total equity	
		Note V 附註五	股本	資本公積	其他綜合收益	專項儲備	盈餘公積	未分配利潤	小計	少數股東權益	股東權益合計
I.	At beginning of year		1,999,309,639.00	758,458,887.62	(17,960,938.21)	35,605,889.68	2,683,223,334.61	22,264,536,818.92	27,723,173,631.62	6,604,137,739.77	34,327,311,371.39
II.	Movements in current year										
	(i) Total comprehensive revenue		-	-	(370,524,964.48)	-	-	5,002,427,212.65	4,631,902,248.17	(327,207,827.91)	4,304,694,420.26
	(ii) Injection and reduction										
	1. Capital injection from shareholders		-	-	-	-	-	-	-	573,084,186.00	573,084,186.00
	2. Minority interests and others arising from acquisition		-	-	-	-	-	-	-	3,112,366,044.86	3,112,366,044.86
	3. Acquisition of minority interests		-	(107,603,890.24)	-	-	-	(107,603,890.24)	(107,603,890.24)	(120,504,582.29)	(228,108,472.53)
	4. Others		-	4,492,588.46	-	-	-	4,492,588.46	4,492,588.46	(4,656,798.64)	(164,210.18)
	(iii) Profit appropriation										
	1. Appropriation to surplus reserve		-	-	-	-	368,519,256.58	(368,519,256.58)	-	-	-
	2. Distribution to owners	48	-	-	-	-	(499,827,409.75)	(499,827,409.75)	(499,827,409.75)	(301,898,699.23)	(801,726,108.98)
	3. Amount of share-based payment taken to owners' equity		-	-	-	-	-	(1,085,450.21)	(1,085,450.21)	(361,816.74)	(1,447,266.95)
	(iv) Special reserve										
	1. Appropriation during the year	46	-	-	-	72,481,738.51	-	-	72,481,738.51	29,359,347.85	101,841,086.36
	2. Used during the year	46	-	-	-	(57,060,856.08)	-	-	(57,060,856.08)	(21,807,213.49)	(78,868,069.57)
	(v) Others										
	1. Put options in relation to minority interests	44	-	632,905,352.67	-	-	-	-	632,905,352.67	-	632,905,352.67
III.	At end of year		1,999,309,639.00	1,288,252,938.51	(388,485,902.69)	51,026,772.11	3,051,742,591.19	26,397,531,915.03	32,399,377,953.15	9,542,510,380.18	41,941,888,333.33

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Kwong Kwan Tong

鄭焜堂

Head of accounting department:

會計機構負責人：

Wang Junwei

王俊偉

CONSOLIDATED CASH FLOW STATEMENT

Year 2015 (Expressed in Renminbi Yuan)

合併現金流量表

二零一五年度(人民幣元)

		Note V 附註五	2015 2015年	2014 2014年
I. CASH FLOWS FROM OPERATING ACTIVITIES	一、經營活動產生的現金流量			
Cash received from sales of goods or rendering of services	銷售商品、提供勞務收到的現金		71,770,083,178.53	66,632,884,191.79
Refunds of taxes	收到的稅費返還		343,603,353.37	369,141,764.89
Other cash received relating to operating activities	收到其他與經營活動有關的現金	62	1,459,737,223.39	1,268,659,937.08
Subtotal of cash inflows from operating activities	經營活動現金流入小計		73,573,423,755.29	68,270,685,893.76
Cash paid for goods and services	購買商品、接受勞務支付的現金		41,629,895,751.63	36,313,007,425.27
Cash paid to and on behalf of employees	支付給職工以及為職工支付的現金		14,271,423,123.82	9,910,533,344.12
Cash paid for all types of taxes	支付的各項稅費		3,219,274,155.73	3,655,288,157.46
Other cash paid relating to operating activities	支付其他與經營活動有關的現金	62	7,678,928,731.45	7,220,128,685.89
Subtotal of cash outflows from operating activities	經營活動現金流出小計		66,799,521,762.63	57,098,957,612.74
Net cash flows from operating activities	經營活動產生的現金流量淨額	63	6,773,901,992.66	11,171,728,281.02
II. CASH FLOWS USED IN INVESTING ACTIVITIES	二、投資活動使用的現金流量			
Cash received from sale of investments	收回投資收到的現金		188,000,000.00	423,000,000.00
Cash received from return on investments	取得投資收益收到的現金		166,277,959.70	166,984,772.24
Net cash received from disposal of subsidiaries and other business units	處置子公司及其他營業單位收到的現金淨額	63	47,393,959.31	37,114,595.50
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	處置固定資產、無形資產和其他長期資產收回的現金淨額		674,466,070.10	418,706,669.33
Other cash received relating to investing activities	收到其他與投資活動有關的現金	62	64,828,590.00	1,291,374,555.83
Subtotal of cash inflows from investing activities	投資活動現金流入小計		1,140,966,579.11	2,337,180,592.90
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	購建固定資產、無形資產和其他長期資產支付的現金		4,345,336,993.62	3,309,695,720.50
Cash paid for acquisition of investments	投資支付的現金		383,290,684.00	1,153,788,708.38
Net cash paid for acquisition of subsidiaries and other business units	取得子公司及其他營業單位支付的現金淨額	63	476,585,898.00	-
Other cash paid relating to investing activities	支付其他與投資活動有關的現金	62	50,733,202.27	3,456,179.58
Subtotal of cash outflows from investing activities	投資活動現金流出小計		5,255,946,777.89	4,466,940,608.46
Net cash flows used in investing activities	投資活動使用的現金流量淨額		(4,114,980,198.78)	(2,129,760,015.56)

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

Year 2015 (Expressed in Renminbi Yuan)

合併現金流量表(續)

二零一五年度(人民幣元)

		Note V 附註五	2015 2015年	2014 2014年
III. CASH FLOWS USED IN FINANCING ACTIVITIES	三、籌資活動使用的現金流量			
Cash received from capital contributions <i>Incl: Cash received by subsidiaries from capital contributions of minority owners</i>	吸收投資收到的現金 其中：子公司吸收少數股東投資收到的現金		152,721,584.46	573,084,186.00
Cash received from borrowings	取得借款收到的現金		11,535,722,867.85	4,303,541,423.50
Cash received from issuance of bonds	發行債券收到的現金		2,522,317,954.03	–
Other cash received relating to financing activities	收到其他與籌資活動有關的現金	62	162,208,242.00	20,459,879.10
Subtotal of cash inflows from financing activities	籌資活動現金流入小計		14,372,970,648.34	4,897,085,488.60
Cash repayments of borrowings	償還債務支付的現金		13,095,797,782.00	8,302,541,040.65
Cash paid for distribution of dividends or profits and for interest expenses <i>Incl: Cash paid to minority owners for distribution of dividends or profits by subsidiaries</i>	分配股利、利潤或償付利息支付的現金 其中：子公司支付給少數股東的股利、利潤		1,967,896,762.46	1,586,525,262.34
Other cash paid relating to financing activities	支付其他與籌資活動有關的現金	62	1,484,892,035.23	74,942,293.80
Subtotal of cash outflows from financing activities	籌資活動現金流出小計		16,548,586,579.69	9,964,008,596.79
Net cash flows used in financing activities	籌資活動使用的現金流量淨額		(2,175,615,931.35)	(5,066,923,108.19)
IV. EFFECT OF CHANGES IN EXCHANGE RATE ON CASH	四、匯率變動對現金的影響		36,342,024.54	(77,368,335.05)
V. NET INCREASE IN CASH AND CASH EQUIVALENTS Add: Cash and cash equivalents at beginning of year	五、現金及現金等價物淨增加額 加：年初現金及現金等價物餘額		519,647,887.07	3,897,676,822.22
VI. CASH AND CASH EQUIVALENTS AT END OF YEAR	六、年末現金及現金等價物餘額	63	21,014,266,005.49	20,494,618,118.42

The financial statements have been signed by:

財務報表由以下人士簽署：

Legal Representative:

法定代表人：

Tan Xuguang

譚旭光

Principal in charge of accounting:

主管會計工作負責人：

Kwong Kwan Tong

鄭焜堂

Head of accounting department:

會計機構負責人：

Wang Junwei

王俊偉

BALANCE SHEET

31 December 2015 (Expressed in Renminbi Yuan)

資產負債表

二零一五年十二月三十一日(人民幣元)

ASSETS	資產	Note XV 附註十五	31 December 2015 2015年12月31日	31 December 2014 2014年12月31日
Current assets	流動資產			
Cash and cash equivalents	貨幣資金	1	12,447,686,804.26	13,471,590,469.50
Notes receivable	應收票據	2	6,890,636,874.68	9,387,204,158.36
Accounts receivable	應收賬款	3	640,602,324.45	1,026,365,645.31
Prepayments	預付款項		56,961,089.44	52,697,084.17
Interests receivable	應收利息		51,793,725.00	133,399,138.89
Dividends receivable	應收股利		3,060,000.00	34,167,062.06
Other receivables	其他應收款	4	1,872,128,429.70	1,863,144,593.87
Inventories	存貨	5	1,337,322,763.36	1,952,477,318.55
Other current assets	其他流動資產		146,838,123.25	-
Total current assets	流動資產合計		23,447,030,134.14	27,921,045,470.71
Non-current assets	非流動資產			
Available-for-sale financial assets	可供出售金融資產		284,880,000.00	282,080,000.00
Long-term equity investments	長期股權投資	6、7	10,020,852,579.69	10,055,462,694.26
Investment property	投資性房地產	8	1,143,364,666.55	993,797,538.54
Fixed assets	固定資產	9	2,644,294,727.19	2,620,753,452.52
Construction in progress	在建工程		1,460,455,895.55	1,680,803,418.53
Disposal of fixed assets	固定資產清理		83,797.19	244,955.71
Intangible assets	無形資產	10	330,215,232.45	335,448,373.29
Goodwill	商譽		579,145,043.76	579,145,043.76
Long learn prepaid expense	長期待攤費用		4,566,838.00	7,057,834.00
Deferred tax assets	遞延所得稅資產		215,366,868.45	319,596,572.97
Other non-current assets	其他非流動資產		481,925,368.89	383,161,196.00
Total non-current assets	非流動資產合計		17,165,151,017.72	17,257,551,079.58
Total assets	資產總計		40,612,181,151.86	45,178,596,550.29

The financial statements have been signed by:

財務報表由以下人士簽署：

Legal Representative:

法定代表人：

Tan Xuguang

譚旭光

Principal in charge of accounting:

主管會計工作負責人：

Kwong Kwan Tong

鄭焜堂

Head of accounting department:

會計機構負責人：

Wang Junwei

王俊偉

BALANCE SHEET (CONTINUED)

31 December 2015 (Expressed in Renminbi Yuan)

資產負債表(續)

二零一五年十二月三十一日(人民幣元)

LIABILITIES AND EQUITY	負債和股東權益	Note XV 附註十五	31 December 2015 2015年12月31日	31 December 2014 2014年12月31日
Current liabilities	流動負債			
Notes payable	應付票據		2,555,177,304.09	6,095,957,306.04
Accounts payable	應付賬款		3,299,797,871.61	4,426,815,259.81
Advances from customers	預收款項		20,789,783.81	35,614,863.96
Payroll payable	應付職工薪酬	11	471,742,106.21	542,818,361.66
Taxes payable	應交稅費	12	38,446,967.23	183,907,771.93
Interests payable	應付利息		32,958,333.51	32,958,333.47
Other payables	其他應付款		1,599,009,547.04	2,098,746,409.80
Non-current liabilities due within one year	一年內到期的非流動負債		1,398,153,360.39	–
Other current liabilities	其他流動負債	13	474,669,460.90	722,824,200.00
Total current liabilities	流動負債合計		9,890,744,734.79	14,139,642,506.67
Non-current liabilities	非流動負債			
Bonds payable	應付債券		–	1,398,219,228.23
Long term payroll payable	長期應付職工薪酬		28,208,354.88	15,815,305.29
Special payables	專項應付款		20,000,000.00	20,000,000.00
Deferred income	遞延收益	14	324,194,404.72	259,363,246.49
Total non-current liabilities	非流動負債合計		372,402,759.60	1,693,397,780.01
Total liabilities	負債合計		10,263,147,494.39	15,833,040,286.68
Shareholders' equity	股東權益			
Share capital	股本		3,998,619,278.00	1,999,309,639.00
Capital reserve	資本公積		1,011,431,890.64	1,011,431,890.64
Other comprehensive income	其他綜合收益		50,320,000.00	47,940,000.00
Special reserve	專項儲備		43,771,198.92	31,283,539.94
Surplus reserve	盈餘公積		1,221,269,763.04	3,051,742,591.19
Retained earnings	未分配利潤		24,023,621,526.87	23,203,848,602.84
Total shareholders' equity	股東權益合計		30,349,033,657.47	29,345,556,263.61
Total liabilities and shareholders' equity	負債和股東權益總計		40,612,181,151.86	45,178,596,550.29

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鄭焜堂

Head of accounting department:

會計機構負責人：

Wang Junwei

王俊偉

INCOME STATEMENT

Year 2015 (Expressed in Renminbi Yuan)

利潤表

二零一五年度(人民幣元)

		Note XV 附註十五	2015 2015年	2014 2014年
Revenue	營業收入	15	12,895,754,445.97	23,687,428,634.93
Less: Cost of sales	減：營業成本	15	9,916,275,770.69	17,346,646,322.46
Taxes and surcharges	營業稅金及附加		69,962,635.51	130,914,842.70
Distribution and selling expenses	銷售費用		512,493,539.31	841,069,714.96
General and administrative expenses	管理費用		1,315,131,114.05	1,828,731,874.89
Finance expenses	財務費用		(228,627,751.13)	(255,939,935.08)
Impairment loss of assets	資產減值損失		(11,296,945.18)	48,508,567.71
Add: Investment income	加：投資收益	16	432,313,723.54	443,416,862.97
<i>Incl: Share of profit of associates and jointly controlled enterprises</i>	其中：對聯營企業和合營企業的投資收益		(16,196,195.63)	16,070,619.10
Operating profit	營業利潤		1,754,129,806.26	4,190,914,110.26
Add: Non-operating income	加：營業外收入		125,716,175.93	39,450,216.18
<i>Incl: Gain on disposal of non-current assets</i>	其中：非流動資產處置利得		736,969.72	773,091.96
Less: Non-operating expenses	減：營業外支出		6,261,623.62	10,074,988.41
<i>Incl: Loss on disposal of non-current assets</i>	其中：非流動資產處置損失		67,413.90	3,528,992.78
Total profit	利潤總額	17	1,873,584,358.57	4,220,289,338.03
Less: Income tax expenses	減：所得稅費用	18	185,216,250.04	535,096,772.25
Net profit	淨利潤		1,688,368,108.53	3,685,192,565.78
Net other comprehensive income after tax	其他綜合收益的稅後淨額		2,380,000.00	39,440,000.00
Those other comprehensive income to be reclassified into profit or loss	以後將重分類進損益的其他綜合收益			
Change of fair value of available-for-sale financial assets	可供出售金融資產公允價值變動		2,380,000.00	39,440,000.00
Total comprehensive income	綜合收益總額		1,690,748,108.53	3,724,632,565.78

The financial statements have been signed by:

財務報表由以下人士簽署：

Legal Representative:
法定代表人：

Principal in charge of accounting:
主管會計工作負責人：

Head of accounting department:
會計機構負責人：

Tan Xuguang
譚旭光

Kwong Kwan Tong
鄭焜堂

Wang Junwei
王俊偉

STATEMENT OF CHANGES IN EQUITY

Year 2015 (Expressed in Renminbi Yuan)

股東權益變動表

二零一五年度(人民幣元)

2015

2015年

		Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
		股本	資本公積	其他綜合收益	專項儲備	盈餘公積	未分配利潤	股東權益合計
I. At beginning of year	一、本年年初餘額	1,999,309,639.00	1,011,431,890.64	47,940,000.00	31,283,539.94	3,051,742,591.19	23,203,848,602.84	29,345,556,263.61
II. Movements in current year	二、本年增減變動金額							
(I) Total comprehensive revenue	(一) 綜合收益總額	-	-	2,380,000.00	-	-	1,688,368,108.53	1,690,748,108.53
(II) Profit appropriation	(二) 利潤分配							
1. Appropriation to surplus reserve	1. 提取盈餘公積	-	-	-	-	168,836,810.85	(168,836,810.85)	-
2. Distribution to owners	2. 對股東的分配	-	-	-	-	-	(699,758,373.65)	(699,758,373.65)
(III) Internal transfer of owners' equity	(三) 所有者權益內部結轉							
1. Capitalization of surplus reserve	1. 盈餘公積轉增資本	1,999,309,639.00	-	-	-	(1,999,309,639.00)	-	-
(IV) Special reserve	(四) 專項儲備							
1. Appropriation during the year	1. 本年提取	-	-	-	17,068,584.00	-	-	17,068,584.00
2. Used during the year	2. 本年使用	-	-	-	(4,580,925.02)	-	-	(4,580,925.02)
III. At end of year	三、本年年末餘額	3,998,619,278.00	1,011,431,890.64	50,320,000.00	43,771,198.92	1,221,269,763.04	24,023,621,526.87	30,349,033,657.47

The financial statements have been signed by:

財務報表由以下人士簽署：

Legal Representative:
法定代表人：

Principal in charge of accounting:
主管會計工作負責人：

Head of accounting department:
會計機構負責人：

Tan Xuguang
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Wang Junwei
王俊偉

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year 2015 (Expressed in Renminbi Yuan)

股東權益變動表(續)

二零一五年度(人民幣元)

2014

2014年

		Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
		股本	資本公積	其他綜合收益	專項儲備	盈餘公積	未分配利潤	股東權益合計
I. At beginning of year	一、本年年初餘額	1,999,309,639.00	1,010,975,033.38	8,500,000.00	21,319,709.95	2,683,223,334.61	20,387,002,703.39	26,110,330,420.33
II. Movements in current year	二、本年增減變動金額							
(I) Total comprehensive revenue	(一) 綜合收益總額	-	-	39,440,000.00	-	-	3,685,192,565.78	3,724,632,565.78
(II) Injection and reduction	(二) 股東投入及減少資本							
1. Others	1. 其他	-	456,857.26	-	-	-	-	456,857.26
(III) Profit appropriation	(三) 利潤分配							
1. Appropriation to surplus reserve	1. 提取盈餘公積	-	-	-	-	368,519,256.58	(368,519,256.58)	-
2. Distribution to owners	2. 對股東的分配	-	-	-	-	-	(499,827,409.75)	(499,827,409.75)
(IV) Special reserve	(四) 專項儲備							
1. Appropriation during the year	1. 本年提取	-	-	-	17,167,887.67	-	-	17,167,887.67
2. Used during the year	2. 本年使用	-	-	-	(7,204,057.68)	-	-	(7,204,057.68)
III. At end of year	三、本年年末餘額	1,999,309,639.00	1,011,431,890.64	47,940,000.00	31,283,539.94	3,051,742,591.19	23,203,848,602.84	29,345,556,263.61

The financial statements have been signed by:

財務報表由以下人士簽署：

Legal Representative:

法定代表人：

Tan Xuguang

譚旭光

Principal in charge of accounting:

主管會計工作負責人：

Kwong Kwan Tong

鄭焜堂

Head of accounting department:

會計機構負責人：

Wang Junwei

王俊偉

CASH FLOW STATEMENT

Year 2015 (Expressed in Renminbi Yuan)

現金流量表

二零一五年度(人民幣元)

		Note XV 附註十五	2015 2015年	2014 2014年
I. CASH FLOWS FROM OPERATING ACTIVITIES	一、經營活動使用的現金流量			
Cash received from sales of goods or rendering of services	銷售商品、提供勞務收到的現金		15,154,156,419.73	23,476,269,591.71
Other cash received relating to operating activities	收到其他與經營活動有關的現金		687,259,802.99	358,931,258.93
Subtotal of cash inflows from operating activities	經營活動現金流入小計		15,841,416,222.72	23,835,200,850.64
Cash paid for goods and services	購買商品、接受勞務支付的現金		13,063,355,403.20	13,907,215,965.44
Cash paid to and on behalf of employees	支付給職工以及為職工支付的現金		999,923,941.09	1,213,516,630.31
Cash paid for all types of taxes	支付的各項稅費		873,563,297.33	1,828,183,792.78
Other cash paid relating to operating activities	支付其他與經營活動有關的現金		967,726,499.62	1,363,839,871.92
Subtotal of cash outflows from operating activities	經營活動現金流出小計		15,904,569,141.24	18,312,756,260.45
Net cash flows (used in) / from operating activities	經營活動(使用)/產生的現金流量淨額	19	(63,152,918.52)	5,522,444,590.19

The financial statements have been signed by:

財務報表由以下人士簽署：

Legal Representative:

法定代表人：

Tan Xuguang

譚旭光

Principal in charge of accounting:

主管會計工作負責人：

Kwong Kwan Tong

鄭焜堂

Head of accounting department:

會計機構負責人：

Wang Junwei

王俊偉

CASH FLOW STATEMENT (CONTINUED)

Year 2015 (Expressed in Renminbi Yuan)

現金流量表(續)

二零一五年度(人民幣元)

	Note XV 附註十五	2015 2015年	2014 2014年
II. CASH FLOWS USED IN INVESTING ACTIVITIES 二、投資活動使用的現金流量			
Cash received from sale of investments	收回投資收到的現金	400,000,000.00	—
Cash received from return on investments	取得投資收益收到的現金	489,728,433.53	461,953,343.49
Net cash received from disposal of subsidiaries and other business entities	處置子公司及其他營業單位收到的現金淨額	80,040,728.75	—
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	處置固定資產、無形資產和其他長期資產收回的現金淨額	400.00	64,228.80
Other cash received relating to investing activities	收到其他與投資活動有關的現金	—	17,183,500.00
Subtotal of cash inflows from investing activities	投資活動現金流入小計	969,769,562.28	479,201,072.29
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	購建固定資產、無形資產和其他長期資產支付的現金	453,520,756.68	189,727,350.75
Cash paid for acquisition of investments	投資支付的現金	640,052,638.25	1,674,087,326.84
Subtotal of cash outflows from investing activities	投資活動現金流出小計	1,093,573,394.93	1,863,814,677.59
Net cash flows used in investing activities	投資活動使用的現金流量淨額	(123,803,832.65)	(1,384,613,605.30)

The financial statements have been signed by:

財務報表由以下人士簽署：

Legal Representative:

Principal in charge of accounting:

Head of accounting department:

法定代表人：

主管會計工作負責人：

會計機構負責人：

Tan Xuguang

Kwong Kwan Tong

Wang Junwei

譚旭光

鄭焜堂

王俊偉

CASH FLOW STATEMENT (CONTINUED)

Year 2015 (Expressed in Renminbi Yuan)

現金流量表(續)

二零一五年度(人民幣元)

	Note XV 附註十五	2015 2015年	2014 2014年
III. CASH FLOWS USED IN FINANCING ACTIVITIES	三、 籌資活動使用的現金流量		
Cash paid for repaying debts	償還債務支付的現金	-	1,300,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses	分配股利、利潤或 償付利息支付的現金	781,518,373.65	643,277,409.75
Other cash paid relating to financing activities	支付其他與籌資活動 有關的現金	20,801,919.60	28,236,348.60
Subtotal of cash outflows from financing activities	籌資活動現金流出小計	802,320,293.25	1,971,513,758.35
Net cash flows used in financing activities	籌資活動使用的 現金流量淨額	(802,320,293.25)	(1,971,513,758.35)
IV. EFFECT OF CHANGES IN EXCHANGE RATE ON CASH	四、 匯率變動對現金的影響	32,447.64	1,940.92
V. NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	五、 現金及現金等價物 淨(減少)/增加	(989,244,596.78)	2,166,319,167.46
Add: Cash and cash equivalents at beginning of year	加: 年初現金及 現金等價物餘額	13,418,614,444.43	11,252,295,276.97
VI. CASH AND CASH EQUIVALENTS AT END OF YEAR	六、 年末現金及現金 等價物餘額	20 12,429,369,847.65	13,418,614,444.43

The financial statements have been signed by:

財務報表由以下人士簽署:

Legal Representative:

法定代表人:

Tan Xuguang

譚旭光

Principal in charge of accounting:

主管會計工作負責人:

Kwong Kwan Tong

鄺焜堂

Head of accounting department:

會計機構負責人:

Wang Junwei

王俊偉

NOTES TO FINANCIAL STATEMENTS

31 December 2015 (Expressed in Renminbi Yuan)

I. CORPORATE BACKGROUND

Weichai Power Co., Ltd. (the "Company") is a joint stock company limited by shares incorporated in Shandong, the People's Republic of China. It was established on 23 December 2002.

The RMB ordinary A shares and overseas listed foreign H shares issued by the Company were listed on the Shenzhen Stock Exchange and The Stock Exchange of Hong Kong Limited, respectively. The registered address of the Company's headquarters is 197, Section A, Fu Shou East Street, High Technology Industrial Development Zone, Weifang, Shandong Province.

The primary operations of the Company covers: Design, development, production, sale, repair, import and export of diesel engines and auxiliary products; automobile (except sedans), automobile axle and components, gear boxes and components and other automobile components, hydraulic pumps, hydraulic motors, hydraulic valves, gears and gear transmission devices, ancillary casting and casting products of hydraulic components; technical consultation and technical services; leasing of self-owned houses; sale of steel; business management service; forklift trucks and warehouses technology services (should hold operating permit(s) for operations requiring administrative permission). The Company operates in the transportation equipment manufacturing industry.

Weichai Group Holdings Limited and Shandong Heavy Industry Group Co., Ltd., established in the PRC, are the parent company and ultimate parent company of the Group respectively.

These financial statements were approved by the board of directors of the Company on 30 March 2016. Pursuant to the Articles of Association, these financial statements will be put forth to the general meeting for consideration and approval.

The consolidation scope of consolidated financial statements is determined on the basis of control. Please refer to Note VI for changes this year.

財務報表附註

二零一五年十二月三十一日(人民幣元)

一、本公司基本情況

濰柴動力股份有限公司(「本公司」)是一家在中華人民共和國山東省註冊的股份有限公司，於2002年12月23日成立。

本公司所發行人民幣普通A股及境外上市外資H股已分別在深圳證券交易所和香港聯合交易所有限公司上市。本公司總部註冊地址位於山東省濰坊市高新技術產業開發區福壽東街197號甲。

本集團主要經營活動為：柴油機及配套產品，汽車(小轎車除外)，汽車車橋及零部件，汽車變速器及零部件以及其他汽車零部件，液壓泵、液壓馬達、液壓閥門、齒輪和齒輪傳動裝置、液壓元件附屬鑄件和鑄造品的設計、開發、生產、銷售、維修、進出口；技術諮詢和技術服務；自有房租租賃、鋼材銷售、企業管理服務；叉車及倉庫技術服務(涉及行政許可的憑許可證經營)。所屬行業為交通運輸設備製造業。

本集團的母公司和最終母公司為於中國成立的濰柴控股集團有限公司和山東重工集團有限公司。

本財務報表業經本公司董事會於2016年3月30日決議批准。根據本公司章程，本財務報表將提交股東大會審議。

合併財務報表的合併範圍以控制為基礎確定，本年度變化情況參見附註六。

II. PREPARATION BASIS OF THE FINANCIAL STATEMENTS

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

The financial statements are presented on a going concern basis.

In preparing these financial statements, all the assets (other than certain financial instruments) are carried at historical cost. 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Accounting policies and accounting estimates are formulated based on the actual characteristics of production and operation. These are reflected in the provision for bad debts in respect of receivables, classification of fixed assets and depreciation estimation, classification of intangible assets and long-term pre-paid expenses and estimation of amortization.

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present, fairly and fully, the financial position of the Company and the Group as at 31 December 2015 and the results of operations and the cash flows for year 2015 in accordance with Accounting Standards for Business Enterprises.

2. Accounting year

The accounting year of the Group is from 1 January to 31 December of each calendar year.

3. Functional currency

The functional currency of the Company and the currency used in preparing the financial statements were Renminbi. The amounts in the financial statements were denominated in Renminbi, unless otherwise stated.

The subsidiaries, jointly controlled enterprises and associates of the Company may determine their own functional currencies based on the major economic environment in which they operate the business. In preparation of financial statements, their functional currencies shall be translated into RMB.

財務報表附註(續)

二零一五年十二月三十一日(人民幣元)

二、財務報表的編製基礎

本財務報表按照財政部頒佈的《企業會計準則—基本準則》以及其後頒佈及修訂的具體會計準則、應用指南、解釋以及其他相關規定(統稱「企業會計準則」)編製。

本財務報表以持續經營為基礎列報。

編製本財務報表時，除某些金融工具外，均以歷史成本為計價原則。劃分為持有待售的非流動資產及劃分為持有待售的處置組中的資產，按公允價值減去預計費用後的金額，以及符合持有待售條件時的原賬面價值，取兩者孰低計價。資產如果發生減值，則按照相關規定計提相應的減值準備。

三、重要會計政策及會計估計

本集團根據實際生產經營特點制定了具體會計政策和會計估計，主要體現在應收款項壞賬準備的計提、固定資產分類及折舊估計、無形資產和長期待攤費用的分類和攤銷估計。

1. 遵循企業會計準則的聲明

本財務報表符合企業會計準則的要求，真實、完整地反映了本公司及本集團於2015年12月31日的財務狀況以及2015年度的經營成果和現金流量。

2. 會計期間

本集團會計年度採用公曆年度，即每年自1月1日起至12月31日止。

3. 記賬本位幣

本公司記賬本位幣和編製本財務報表所採用的貨幣均為人民幣。除有特別說明外，均以人民幣元為單位表示。

本公司下屬子公司、合營企業及聯營企業，根據其經營所處的主要經濟環境自行決定其記賬本位幣，編製財務報表時折算為人民幣。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

4. 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 par 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.

三、重要會計政策及會計估計(續)

4. 企業合併

企業合併，是指將兩個或兩個以上單獨的企業合併形成一個報告主體的交易或事項。企業合併分為同一控制下企業合併和非同一控制下企業合併。

同一控制下企業合併

參與合併的企業在合併前後均受同一方或相同的多方最終控制，且該控制並非暫時性的，為同一控制下的企業合併。同一控制下的企業合併，在合併日取得對其他參與合併企業控制權的一方為合併方，參與合併的其他企業為被合併方。合併日，是指合併方實際取得對被合併方控制權的日期。

合併方在同一控制下企業合併中取得的資產和負債(包括最終控制方收購被合併方而形成的商譽)，按合併日在最終控制方財務報表中的賬面價值為基礎進行相關會計處理。合併方取得的淨資產賬面價值與支付的合併對價的賬面價值(或發行股份面值總額)的差額，調整資本公積中的股本溢價，不足沖減的則調整留存收益。

III. SIGNIFICANT ACCOUNTING POLICIES
AND ACCOUNTING ESTIMATES
(CONTINUED)

4. Business combination (Continued)
*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 equity securities issued) and the equity interests in the acquiree held prior to the date of acquisition is conducted. If the review indicates that the fair value of the sum of the consideration paid (or 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.

三、重要會計政策及會計估計(續)

4. 企業合併(續)
非同一控制下的企業合併

參與合併的企業在合併前後不受同一方或相同的多方最終控制的，為非同一控制下的企業合併。非同一控制下的企業合併，在購買日取得對其他參與合併企業控制權的一方為購買方，參與合併的其他企業為被購買方。購買日，是指購買方實際取得對被購買方控制權的日期。

非同一控制下企業合併中所取得的被購買方可辨認資產、負債及或有負債在收購日以公允價值計量。

支付的合併對價的公允價值(或發行的權益性證券的公允價值)與購買日之前持有的被購買方的股權的公允價值之和大於合併中取得的被購買方可辨認淨資產公允價值份額的差額，確認為商譽，並以成本減去累計減值損失進行後續計量。

支付的合併對價的公允價值(或發行的權益性證券的公允價值)與購買日之前持有的被購買方的股權的公允價值之和小於合併中取得的被購買方可辨認淨資產公允價值份額的，首先對取得的被購買方各項可辨認資產、負債及或有負債的公允價值以及支付的合併對價的公允價值(或發行的權益性證券的公允價值)及購買日之前持有的被購買方的股權的公允價值的計量進行覆核，覆核後支付的合併對價的公允價值(或發行的權益性證券的公允價值)與購買日之前持有的被購買方的股權的公允價值之和仍小於合併中取得的被購買方可辨認淨資產公允價值份額的，其差額計入當期損益。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

4. Business combination (Continued)

Business combinations not involving entities under common control (Continued)

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.

5. Consolidated financial statements

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements for the year ended 31 December 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, interests, income, expenses and cash flow are eliminated in full 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.

三、重要會計政策及會計估計(續)

4. 企業合併(續)

非同一控制下的企業合併(續)

通過多次交易分步實現非同一控制下企業合併的，對於購買日之前持有的被購買方的股權，按照該股權在購買日的公允價值進行重新計量，公允價值與其賬面價值的差額計入當期投資收益；購買日之前持有的被購買方的股權涉及權益法核算下的其他綜合收益的，採用與被投資單位直接處置相關資產或負債相同的基礎進行會計處理，除淨損益、其他綜合收益和利潤分配外的其他股東權益變動，轉為購買日所屬當期損益。

5. 合併財務報表

合併財務報表的合併範圍以控制為基礎確定，包括本公司及全部子公司截至2015年12月31日止年度的財務報表。子公司，是指被本公司控制的主體(含企業、被投資單位中可分割的部分，以及本公司所控制的結構化主體等)。

編製合併財務報表時，子公司採用與本公司一致的會計期間和會計政策，對子公司可能存在的與本公司不一致的會計政策，已按照本公司的會計政策調整一致。本集團內部各公司之間的所有交易產生的資產、負債、權益、收入、費用和現金流量於合併時全額抵銷。

子公司少數股東分擔的當期虧損超過了少數股東在該子公司期初股東權益中所享有的份額的，其餘額仍沖減少數股東權益。

III. SIGNIFICANT ACCOUNTING POLICIES
AND ACCOUNTING ESTIMATES
(CONTINUED)

5. Consolidated financial statements (Continued)

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

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

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.

三、重要會計政策和會計估計(續)

5. 合併財務報表(續)

對於通過非同一控制下的企業合併取得的子公司，被購買方的經營成果和現金流量自本集團取得控制權之日起納入合併財務報表，直至本集團對其控制權終止。在編製合併財務報表時，以購買日確定的各項可辨認資產、負債及或有負債的公允價值為基礎對子公司的財務報表進行調整。

對於通過同一控制下的企業合併取得的子公司，被合併方的經營成果和現金流量自合併當期期初納入合併財務報表。編製比較合併財務報表時，對前期財務報表的相關項目進行調整，視同合併後形成的報告主體自最終控制方開始實施控制時一直存在。

如果相關事實和情況的變化導致對控制要素中的一項或多項發生變化的，本集團重新評估是否控制被投資方。

不喪失控制權情況下，少數股東權益發生變化作為權益性交易。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Classification of joint arrangements and joint operation

Joint arrangements are in the form of joint operation or jointly-controlled enterprise. A joint operation is a joint arrangement under which the joint venture parties are entitled to assets and undertake liabilities under the arrangement. A jointly-controlled enterprise is a joint arrangement under which the joint venture parties are only entitled to the net assets under such arrangement.

The following items should be recognised by a joint venture party in relation to its share of profit in the joint operation: solely held assets, as well as jointly held assets according to its share; solely assumed liabilities, as well as jointly assumed liabilities according to its share; income derived from its entitled share of production of the joint operation; income derived from the sales of production of the joint operation according to its share; solely incurred expenses, as well as expenses incurred by the joint operation according to its share.

7. Cash and cash equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments held by the Group, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

三、重要會計政策及會計估計(續)

6. 合營安排分類及共同經營

合營安排分為共同經營和合營企業。共同經營，是指合營方享有該安排相關資產且承擔該安排相關負債的合營安排。合營企業，是指合營方僅對該安排的淨資產享有權利的合營安排。

合營方確認其與共同經營中利益份額相關的下列項目：確認單獨所持有的資產，以及按其份額確認共同持有的資產；確認單獨所承擔的負債，以及按其份額確認共同承擔的負債；確認出售其享有的共同經營產出份額所產生的收入；按其份額確認共同經營因出售產出所產生的收入；確認單獨所發生的費用，以及按其份額確認共同經營發生的費用。

7. 現金及現金等價物

現金，是指本集團的庫存現金以及可以隨時用於支付的存款；現金等價物，是指本集團持有的期限短、流動性強、易於轉換為已知金額的現金、價值變動風險很小的投資。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Foreign currency operations and foreign currency translation

The Group translates the amount of foreign currency transactions occurred into its functional currency.

Foreign currency transactions are recorded, on initial recognition, in the functional currency, by applying to the foreign currency amount the spot exchange rate prevailing on the transaction dates. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate prevailing on the balance sheet date. All the resulting differences on settlement and monetary item translation are taken to profit or loss in the current period, except for those relating to foreign currency borrowings specifically for construction and acquisition of qualifying assets, which are capitalized in accordance with the principle of capitalization of borrowing costs. Non-monetary foreign currency items measured at historical cost shall still be translated at the spot exchange rate prevailing on the transaction date, and the amount denominated in the functional currency is not changed. Non-monetary foreign currency items measured at fair value are translated at the spot exchange rate prevailing at the date on which the fair values are determined. The difference thus resulted are recognized in profit or loss for the current period or as other comprehensive income based on the nature of the non-monetary items.

For foreign operations, the Group translates their functional currency amounts into RMB in preparing the financial statements as follows: asset and liability items in the balance sheet are translated using the spot exchange rate at the balance sheet date, and equity items other than "retained earnings" are translated using the spot exchange rate at the date of transactions; revenue and expense items in the income statement are translated using the average exchange rate for the period during which the transactions occur. The resulting foreign currency exchange differences in the financial statement are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the profit or loss for the current period. If the disposal only involves a portion of a particular foreign operation, the amount is recognized on a pro-rata basis.

三、重要會計政策及會計估計(續)

8. 外幣業務和外幣報表折算

本集團對於發生的外幣交易，將外幣金額折算為記賬本位幣金額。

外幣交易在初始確認時，採用交易發生日的即期匯率將外幣金額折算為記賬本位幣金額。於資產負債表日，對於外幣貨幣性項目採用資產負債表日即期匯率折算，由此產生的結算和貨幣性項目折算差額，除屬於與購建符合資本化條件的資產相關的外幣專門借款產生的差額按照借款費用資本化的原則處理之外，均計入當期損益。以歷史成本計量的外幣非貨幣性項目，仍採用交易發生日的即期匯率折算，不改變其記賬本位幣金額。以公允價值計量的外幣非貨幣性項目，採用公允價值確定日的即期匯率折算，由此產生的差額根據非貨幣性項目的性質計入當期損益或其他綜合收益。

對於境外經營，本集團在編製財務報表時將其記賬本位幣折算為人民幣：對資產負債表中的資產和負債項目，採用資產負債表日的即期匯率折算，股東權益項目除「未分配利潤」項目外，其他項目採用發生時的即期匯率折算；利潤表中的收入和費用項目，採用交易發生當期平均匯率折算。按照上述折算產生的外幣財務報表折算差額，確認為其他綜合收益。處置境外經營時，將與該境外經營相關的其他綜合收益轉入處置當期損益，部分處置按處置比例計算。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Foreign currency operations and foreign currency translation (Continued)

Foreign currency cash flows and the cash flows of foreign subsidiaries are translated using the average exchange rate for the period during which the cash flows occur. The effect of exchange rate changes on cash is separately presented as an adjustment item in the cash flow statement.

9. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and Derecognition of Financial Instruments

The Group recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

The Group derecognizes a financial asset (or part of a financial asset, or part of a group of similar financial assets), i.e. writes off the financial asset from the account and balance sheet, when the following conditions are met:

- (1) the rights to receive cash flows from the financial asset have expired;
- (2) the Group has transferred its rights to receive cash flows from the financial asset, or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either (a) has transferred substantially all the risks and rewards of the ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the ownership of the financial asset, but has transferred control of the financial asset.

三、重要會計政策及會計估計(續)

8. 外幣業務和外幣報表折算(續)

外幣現金流量以及境外子公司現金流量，採用現金流量發生當期平均匯率折算。匯率變動對現金影響額作為調節項目，在現金流量表單獨列報。

9. 金融工具

金融工具，是指形成一個企業的金融資產，並形成其他單位的金融負債或權益工具的合同。

金融工具的確認和終止確認

本集團於成為金融工具合同的一方時確認一項金融資產或金融負債。

滿足下列條件的，終止確認金融資產(或金融資產的一部分，或一組類似金融資產的一部分)，即從其賬戶和資產負債表內予以轉銷：

- (1) 收取金融資產現金流量的權利屆滿；
- (2) 轉移了收取金融資產現金流量的權利，或在「過手協議」下承擔了及時將收取的現金流量全額支付給第三方的義務；並且(a)實質上轉讓了金融資產所有權上幾乎所有的風險和報酬，或(b)雖然實質上既沒有轉移也沒有保留金融資產所有權上幾乎所有的風險和報酬，但放棄了對該金融資產的控制。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

Recognition and Derecognition of Financial Instruments (Continued)

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognized. If an existing financial liability is replaced by the same creditor with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the resulting difference is recognized in profit or loss for the current period.

Regular way purchase or sale of financial assets are recognized and derecognized using trade date accounting. Regular way purchase or sale of financial assets refers to that the financial assets are delivered to or by the Group under the terms of a contract within a period as specified by law or general practice. The trade date is the date on which the Group undertakes to buy or sell a financial asset.

Classification and Measurement of Financial Assets

Financial assets are, on initial recognition, classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets and derivatives designated as effective hedging instruments. A financial asset is recognized initially at fair value. In the case of financial assets at fair value through profit or loss, relevant transaction costs are directly charged to the profit and loss of the current period; transaction costs relating to financial assets of other categories are included in the amount initially recognized.

三、重要會計政策及會計估計(續)

9. 金融工具(續)

金融工具的確認和終止確認(續)

如果金融負債的責任已履行、撤銷或屆滿，則對金融負債進行終止確認。如果現有金融負債被同一債權人以實質上幾乎完全不同條款的另一金融負債所取代，或現有負債的條款幾乎全部被實質性修改，則此類替換或修改作為終止確認原負債和確認新負債處理，差額計入當期損益。

以常規方式買賣金融資產，按交易日會計進行確認和終止確認。常規方式買賣金融資產，是指按照合同條款的約定，在法規或通行慣例規定的期限內收取或交付金融資產。交易日，是指本集團承諾買入或賣出金融資產的日期。

金融資產分類和計量

本集團的金融資產於初始確認時分類為：以公允價值計量且其變動計入當期損益的金融資產、持有至到期投資、貸款和應收款項、可供出售金融資產、被指定為有效套期工具的衍生工具。金融資產在初始確認時以公允價值計量。對於以公允價值計量且其變動計入當期損益的金融資產，相關交易費用直接計入當期損益，其他類別的金融資產相關交易費用計入其初始確認金額。

III. SIGNIFICANT ACCOUNTING POLICIES
AND ACCOUNTING ESTIMATES
(CONTINUED)

9. Financial instruments (Continued)

*Classification and Measurement of Financial Assets
(Continued)*

The subsequent measurement of a financial asset is determined by its category:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets at fair value through profit or loss and those designated upon initial recognition as financial assets at fair value through profit or loss. A financial asset at fair value through profit or loss is the financial asset that meets one of the following conditions: the financial asset is acquired for the purpose of selling it in a short term; the financial asset is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits; the financial asset is a derivative, except for a derivative that is designated as an effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity investment (without a quoted price from an active market) whose fair value cannot be reliably measured. For such kind of financial assets, fair values are adopted for subsequent measurement. All the realized or unrealized gains or losses on these financial assets are recognized in profit or loss for the current period. Dividend income or interest income related to financial assets at fair value through profit or loss is charged to profit or loss for the current period.

三、重要會計政策及會計估計(續)

9. 金融工具(續)

金融資產分類和計量(續)

金融資產的後續計量取決於其分類：

*以公允價值計量且其變動計入當期
損益的金融資產*

以公允價值計量且其變動計入當期損益的金融資產，包括以公允價值計量且其變動計入當期損益的金融資產和初始確認時指定為以公允價值計量且其變動計入當期損益的金融資產。以公允價值計量且其變動計入當期損益的金融資產是指滿足下列條件之一的金融資產：取得該金融資產的目的是為了在短期內出售；屬於進行集中管理的可辨認金融工具組合的一部分，且有客觀證據表明企業近期採用短期獲利方式對該組合進行管理；屬於衍生工具，但是，被指定且為有效套期工具的衍生工具、屬於財務擔保合同的衍生工具、與在活躍市場中沒有報價且其公允價值不能可靠計量的權益工具投資掛鉤並須通過交付該權益工具結算的衍生工具除外。對於此類金融資產，採用公允價值進行後續計量，所有已實現和未實現的損益均計入當期損益。與以公允價值計量且其變動計入當期損益的金融資產相關的股利或利息收入，計入當期損益。

III. SIGNIFICANT ACCOUNTING POLICIES
AND ACCOUNTING ESTIMATES
(CONTINUED)

9. Financial instruments (Continued)

*Classification and Measurement of Financial Assets
(Continued)*

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity date that the Group has the positive intention and ability to hold to maturity. Such kind of financial assets are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from amortization or impairment and derecognition are recognized in profit or loss for the current period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such kind of financial assets are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from amortization or impairment are recognized in profit or loss for the current period.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are on initial recognition designated as available for sale or are not classified as any of the aforesaid categories. After initial recognition, available-for-sale financial assets are measured at fair value. The discount/premium is amortized using effective interest method and recognized as interest income or expense. Changes in the fair value of an available-for-sale financial asset is recognized as other comprehensive income in capital reserve, except for impairment losses and exchange differences resulted from monetary financial assets, until the financial asset is derecognized or determined to be impaired, at which time the accumulated gain or loss is transferred to profit or loss for the current period. Dividends or interest income relating to an available-for-sale financial asset are recognized in profit or loss for the current period.

Investments in equity investments, which do not have quoted prices in an active market and whose fair values cannot be reliably measured, are measured at cost.

三、重要會計政策及會計估計(續)

9. 金融工具(續)

金融資產分類和計量(續)

持有至到期投資

持有至到期投資，是指到期日固定、回收金額固定或可確定，且本集團有明確意圖和能力持有至到期的非衍生金融資產。對於此類金融資產，採用實際利率法，按照攤餘成本進行後續計量，其攤銷或減值以及終止確認產生的利得或損失，均計入當期損益。

貸款和應收款項

貸款和應收款項，是指在活躍市場中沒有報價、回收金額固定或可確定的非衍生金融資產。對於此類金融資產，採用實際利率法，按照攤餘成本進行後續計量，其攤銷或減值產生的利得或損失，均計入當期損益。

可供出售金融資產

可供出售金融資產，是指初始確認時即指定為可供出售的非衍生金融資產，以及除上述金融資產類別以外的金融資產。對於此類金融資產，採用公允價值進行後續計量。其折價或溢價採用實際利率法進行攤銷並確認為利息收入或費用。除減值損失及外幣貨幣性金融資產的匯兌差額確認為當期損益外，可供出售金融資產的公允價值變動作為其他綜合收益確認，直到該金融資產終止確認或發生減值時，其累計利得或損失轉入當期損益。與可供出售金融資產相關的股利或利息收入，計入當期損益。

對於在活躍市場中沒有報價且其公允價值不能可靠計量的權益工具投資，按成本計量。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued) *Classification and Measurement of Financial Liabilities*

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss, other financial liabilities or derivatives designated as effective hedging instruments. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the initial recognition amounts.

The subsequent measurement of a financial liability is determined by its category:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated upon initial recognition as financial liabilities at fair value through profit or loss. A financial liability held for trading is the financial liability that meets one of the following conditions: the financial liability is assumed for the purpose of repurchasing it in a short term; the financial liability is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits; the financial liability is a derivative, except for a derivative that is designated as effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity investment (without a quoted price from an active market) whose fair value cannot be reliably measured. For such kind of financial liabilities, fair values are adopted for subsequent measurement. All the realized or unrealized gains or losses on these financial liabilities are recognized in profit or loss for the current period.

Other financial liabilities

After initial recognition, such kind of financial liabilities are measured at amortized costs by using the effective interest method.

三、重要會計政策及會計估計(續)

9. 金融工具(續) *金融負債分類和計量*

本集團的金融負債於初始確認時分類為：以公允價值計量且其變動計入當期損益的金融負債、其他金融負債、被指定為有效套期工具的衍生工具。對於以公允價值計量且其變動計入當期損益的金融負債，相關交易費用直接計入當期損益，其他金融負債的相關交易費用計入其初始確認金額。

金融負債的後續計量取決於其分類：

以公允價值計量且其變動計入當期損益的金融負債

以公允價值計量且其變動計入當期損益的金融負債，包括交易性金融負債和初始確認時指定為以公允價值計量且其變動計入當期損益的金融負債。交易性金融負債是指滿足下列條件之一的金融負債：承擔該金融負債的目的是為了在近期內回購；屬於進行集中管理的可辨認金融工具組合的一部分，且有客觀證據表明企業近期採用短期獲利方式對該組合進行管理；屬於衍生工具，但是，被指定且為有效套期工具的衍生工具、屬於財務擔保合同的衍生工具、與在活躍市場中沒有報價且其公允價值不能可靠計量的權益工具投資掛鉤並須通過交付該權益工具結算的衍生工具除外。對於此類金融負債，按照公允價值進行後續計量，所有已實現和未實現的損益均計入當期損益。

其他金融負債

對於此類金融負債，採用實際利率法，按照攤餘成本進行後續計量。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

Elimination of financial instruments

The net amount after eliminating financial assets and financial liabilities is presented in the balance sheet if the following conditions are satisfied: A lawful right exists for eliminating recognized amounts, and such lawful right is currently enforceable; it is planned that the financial assets and financial liabilities are to be netted against each other, or that they are to be realized and settled simultaneously.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to settle a debt or assume a liability to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are measured, on initial recognition, at fair value. For financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss, they are, after initial recognition, subsequently measured at the higher of: the amount of the best estimate of the expenditure required to settle the present obligation at the balance sheet date; and the amount initially recognized less the accumulated amortization determined according to the principles of revenue recognition.

Derivative Financial Instruments

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. A financial derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured is measured at cost.

三、重要會計政策及會計估計(續)

9. 金融工具(續)

金融工具抵銷

同時滿足下列條件的，金融資產和金融負債以相互抵銷後的淨額在資產負債表內列示：具有抵銷已確認金額的法定權利，且該種法定權利是當前可執行的；計劃以淨額結算，或同時變現該金融資產和清償該金融負債。

財務擔保合同

財務擔保合同，是指保證人和債權人約定，當債務人不履行債務時，保證人按照約定履行債務或者承擔責任的合同。財務擔保合同在初始確認為負債時按照公允價值計量，不屬於指定為以公允價值計量且其變動計入當期損益的金融負債的財務擔保合同，在初始確認後，按照資產負債表日履行相關現時義務所需支出的當前最佳估計數確定的金額，和初始確認金額扣除按照收入確認原則確定的累計攤銷額後的餘額，以兩者之中的較高者進行後續計量。

衍生金融工具

本集團使用衍生金融工具，例如以遠期外匯合同和利率互換，分別對匯率風險和利率風險進行套期保值。衍生金融工具初始以衍生交易合同簽訂當日的公允價值進行計量，並以其公允價值進行後續計量。公允價值為正數的衍生金融工具確認為一項資產，公允價值為負數的確認為一項負債。但對於在活躍市場中沒有報價且其公允價值不能可靠計量的權益工具掛鈎並須通過交付該權益工具結算的衍生金融工具，按成本計量。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

Derivative Financial Instruments (Continued)

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss for the current period, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Impairment of Financial Assets

The Group assesses at the balance sheet date the carrying amount of every financial asset. If there is objective evidence indicating a financial asset may be impaired, a provision is provided for the impairment. Objective evidence that a financial asset is impaired is one or more events that occur after the initial recognition of the asset and have an impact (which can be reliably estimated) on the expected future cash flows of the financial asset. Where there arises any of the following objective evidences indicating that accounts receivable have been impaired, an impairment provision will be made: a serious financial difficulty occurs to the debtor; the debtor breaches any of the contractual stipulations (such as he fails to pay or delays the payment of interests or the principal); the debtor will probably go bankrupt or carry out other financial reorganisations; other objective evidences show that the accounts receivable are impaired.

Financial assets carried at amortized cost

If an impairment on a financial asset has incurred, the carrying amount of the asset is reduced to the present value of expected future cash flows (excluding future credit losses that have not been incurred) and such reduction is taken to profit or loss for the current period. The present value of expected future cash flows is discounted at the financial asset's original effective interest rate (i.e. effective interest rate computed on initial recognition) and includes the value of any related collateral. Where floating interest rate is adopted, the discount rate for determining the present value of future cash flow shall be equal to the prevailing effective rate which is contractually stipulated. Interest income upon impairment is recognized at a rate equal to the discount rate used for discounting future cashflow upon recognition of impairment loss.

三、重要會計政策及會計估計(續)

9. 金融工具(續)

衍生金融工具(續)

除現金流量套期中屬於有效套期的部分計入其他綜合收益並於被套期項目影響損益時轉出計入當期損益之外，衍生工具公允價值變動而產生的利得或損失，直接計入當期損益。

金融資產減值

本集團於資產負債表日對金融資產的賬面價值進行檢查，有客觀證據表明該金融資產發生減值的，計提減值準備。表明金融資產發生減值的客觀證據，是指金融資產初始確認後實際發生的、對該金融資產的預計未來現金流量有影響，且企業能夠對該影響進行可靠計量的事項。金融資產發生減值的客觀證據，包括發行人或債務人發生嚴重財務困難、債務人違反合同條款(如償付利息或本金發生違約或逾期等)、債務人很可能倒閉或進行其他財務重組，以及公開的數據顯示預計未來現金流量確已減少且可計量。

以攤餘成本計量的金融資產

發生減值時，將該金融資產的賬面通過備抵項目價值減記至預計未來現金流量(不包括尚未發生的未來信用損失)現值，減記金額計入當期損益。預計未來現金流量現值，按照該金融資產原實際利率(即初始確認時計算確定的實際利率)折現確定，並考慮相關擔保物的價值。對於浮動利率，在計算未來現金流量現值時採用合同規定的現行實際利率作為折現率。減值後利息收入按照確定減值損失時對未來現金流量進行折現採用的折現率作為利率計算確認。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

Impairment of Financial Assets (Continued)

Financial assets carried at amortized cost (Continued)

For a financial asset that is individually significant, the asset is individually assessed for impairment, and the amount of impairment loss is recognized in profit or loss for the current period if there is objective evidence of impairment. For a financial asset that is not individually significant, it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. If no impairment incurs for an individually assessed financial asset (whether the financial asset is individually significant or not individually significant), it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets for which an impairment loss is individually recognized is not included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment.

If, subsequent to the Group's recognition of an impairment loss on a financial asset carried at amortized cost, there is objective evidence of a recovery in value of the financial asset and the recovery can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and recognized in profit or loss for the current period. However, the reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment loss not been recognized at the date the impairment is reversed.

Available-for-sale financial assets

If there is objective evidence that an available-for-sale asset is impaired, the accumulated loss arising from decline in fair value previously recognized in other comprehensive income is removed and recognized in profit or loss. The accumulated loss that removed from other comprehensive income is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss on the financial asset previously recognized in profit or loss.

三、重要會計政策及會計估計(續)

9. 金融工具(續)

金融資產減值(續)

以攤餘成本計量的金融資產(續)

對單項金額重大的金融資產單獨進行減值測試，如有客觀證據表明其已發生減值，確認減值損失，計入當期損益。對單項金額不重大的金融資產，包括在具有類似信用風險特徵的金融資產組合中進行減值測試或單獨進行減值測試。單獨測試未發生減值的金融資產(包括單項金額重大和不重大的金融資產)，包括在具有類似信用風險特徵的金融資產組合中再進行減值測試。已單項確認減值損失的金融資產，不包括在具有類似信用風險特徵的金融資產組合中進行減值測試。

本集團對以攤餘成本計量的金融資產確認減值損失後，如有客觀證據表明該金融資產價值已恢復，且客觀上與確認該損失後發生的事項有關，原確認的減值損失予以轉回，計入當期損益。但是，該轉回後的賬面價值不超過假定不計提減值準備情況下該金融資產在轉回日的攤餘成本。

可供出售金融資產

如果有客觀證據表明該金融資產發生減值，原計入其他綜合收益的因公允價值下降形成的累計損失，予以轉出，計入當期損益。該轉出的累計損失，為可供出售金融資產的初始取得成本扣除已收回本金和已攤銷金額、當前公允價值和原已計入損益的減值損失後的餘額。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

Impairment of Financial Assets (Continued)

Available-for-sale financial assets (Continued)

Objective evidence indicating that available-for-sale equity investment is impaired include significant or prolonged decline in fair value. Judgments shall be made in distinguishing “significant” and “prolonged”. “Significant” is judged by the extent of fair value below its cost and “prolonged” is judged by the length of period where fair value falls below its cost. Where objective evidence of impairment exists, the accumulated loss of the transfer is represented by the balance of acquisition cost after deduction of the current fair value and impairment loss previously charged to profit and loss. The impairment loss on an available-for-sale equity investment is not reversed through profit or loss, and any increase of fair value that occurs after the impairment is recognized directly in other comprehensive income.

The determination of what is “significant” and “prolonged” requires judgment. The Group takes into account, among other factors, the extent and duration of the period of the fair value being lower than cost, in such determination.

If, after an impairment loss has been recognized on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the original impairment loss was recognized, the original impairment loss is reversed with the amount of the reversal recognized in profit or loss for the current period.

Financial assets carried at cost

If there is objective evidence that such a financial asset is impaired, the difference between its carrying amount and the present value of expected future cash flows which are discounted at the current market yield rate of similar financial assets is recognized as an impairment loss in profit or loss for the current period. Once an impairment loss is recognized, it is not reversed.

三、重要會計政策及會計估計(續)

9. 金融工具(續)

金融資產減值(續)

可供出售金融資產(續)

可供出售權益工具投資發生減值的客觀證據，包括公允價值發生嚴重或非暫時性下跌。「嚴重」根據公允價值低於成本的程度進行判斷，「非暫時性」根據公允價值低於成本的期間長短進行判斷。存在發生減值的客觀證據的，轉出的累計損失，為取得成本扣除當前公允價值和原已計入損益的減值損失後的餘額。可供出售權益工具投資發生的減值損失，不通過損益轉回，減值之後發生的公允價值增加直接在其他綜合收益中確認。

在確定何謂「嚴重」或「非暫時性」時，需要進行判斷。本集團根據公允價值低於成本的程度或期間長短，結合其他因素進行判斷。

對於已確認減值損失的可供出售債務工具，在隨後的會計期間公允價值已上升且客觀上與確認原減值損失確認後發生的事項有關的，原確認的減值損失予以轉回，計入當期損益。

以成本計量的金融資產

如果有客觀證據表明該金融資產發生減值，將該金融資產的賬面價值，與按照類似金融資產當時市場收益率對未來現金流量折現確定的現值之間的差額，確認為減值損失，計入當期損益。發生的減值損失一經確認，不再轉回。

III. SIGNIFICANT ACCOUNTING POLICIES
AND ACCOUNTING ESTIMATES
(CONTINUED)

9. Financial instruments (Continued)

Transfer of Financial Assets

If the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, the Group derecognizes the financial asset; if the Group retains substantially all the risks and rewards of ownership of the financial asset, the Group does not derecognize the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it is accounted for as follows: if the Group has not retained control, it derecognizes the financial asset and recognizes any resulting assets or liabilities; if the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes the relevant liability.

For ongoing involvement by way of provision of financial guarantee in respect of the transferred financial assets, the assets arising from such involvement is recognized as the lower of the carrying amount of the financial assets and the amount of the financial guarantee. Amount of financial guarantee refers to the maximum amount to be repayable on demand among the considerations received.

10. Receivables

(1) *Receivables Which Are Individually Significant and for Which Provision for Bad Debt Is Recognized Separately*

In judging receivables which are individually significant, the Group takes into account accounts receivables and other receivables due from individual customers, risks specific to particular customers, risks specific to particular countries, interest on long-term receivables and the extent of guaranteed portion of receivables etc. Receivables which are individually significant are tested for impairment individually. When objective evidence indicates that the receivable has been impaired, bad debt provision is made based on the shortfall of the present value of future cash flow as compared to its carrying amount, and is charged to profit and loss for the current period.

三、重要會計政策及會計估計(續)

9. 金融工具(續)

金融資產轉移

本集團已將金融資產所有權上幾乎所有的風險和報酬轉移給轉入方的，終止確認該金融資產；保留了金融資產所有權上幾乎所有的風險和報酬的，不終止確認該金融資產。

本集團既沒有轉移也沒有保留金融資產所有權上幾乎所有的風險和報酬的，分別下列情況處理：放棄了對該金融資產控制的，終止確認該金融資產並確認產生的資產和負債；未放棄對該金融資產控制的，按照其繼續涉入所轉移金融資產的程度確認有關金融資產，並相應確認有關負債。

通過對所轉移金融資產提供財務擔保方式繼續涉入的，按照金融資產的賬面價值和財務擔保金額兩者之中的較低者，確認繼續涉入形成的資產。財務擔保金額，是指所收到的對價中，將被要求償還的最高金額。

10. 應收款項

(1) *單項金額重大並單獨計提壞賬準備的應收款項*

本集團在判斷單項金額重大的應收款項時，會考慮單個客戶應收賬款和其他應收款餘額、特定客戶風險、特定國家風險、長期應收款利息及應收款項被擔保部分等因素。本集團對單項金額重大的應收款項單獨進行減值測試。當存在客觀證據表明該應收款項發生減值的，本集團根據其未來現金流量現值低於其賬面價值的差額，計提壞賬準備，計入當期損益。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Receivables (Continued)

(2) *Receivables for Which Provision for Bad Debt Is Recognized by Group With Distinctive Credit Risk Characteristics*

Other than receivables for which provision for bad debts has been recognized individually, provision for bad debt is recognized by group based on the actual loss rate of identical or similar group in prior year or with similar distinctive credit risk characteristics, taking into account the current situation.

Other than business segments located overseas, the grouping of receivables is based on their ages which are taken as a distinctive credit risk characteristic. Ageing analysis is conducted to determine the provision for bad debt for trade receivables and other receivables, at the following percentages:

Age 賬齡		Percentage provided for 計提比例(%)
Within 1 year	1年以內	5
1-2 years	1至2年	15
2-3 years	2至3年	30
3-4 years	3至4年	50
4-5 years	4至5年	80
Over 5 years	5年以上	100

For business segments located overseas, grouping of receivables is based on their overdue ages which are taken as a distinctive credit risk characteristic.

If objective evidence shows a recovery in value of the receivables, the original bad debt provision can be reversed and carried through profit and loss in the current period.

三、重要會計政策及會計估計(續)

10. 應收款項(續)

(2) *按信用風險特徵組合計提壞賬準備的應收款項*

除已單獨計提壞賬準備的應收款項外，根據以前年度與之相同或相類似的、具有類似信用風險特徵的應收款項組合的實際損失率為基礎，結合現時情況確定應計提的壞賬準備。

除位於境外的某板塊業務外，本集團以賬齡作為信用風險特徵確定應收款項組合，並採用賬齡分析法對應收賬款和其他應收款計提壞賬準備比例如下：

本集團對位於境外的某板塊業務，以逾期賬齡作為信用風險特徵確定應收款項組合。

如有客觀證據表明應收款項的價值已經恢復，則原確認的壞賬準備予以轉回，計入當期損益。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Receivables (Continued)

(3) *Receivables Which Are Not Individually Significant But Provision for Bad Debt Is Recognized Separately*

For receivables which are not individually significant but objective evidence shows that the impairment has occurred, bad debt provision will be made according to the difference between the present value of future cash flows and its carrying amounts and will be carried through profit and loss for the current period.

If clear evidence indicates that the receivables are indeed not recoverable, such as in case of cancellation, bankruptcy or insolvency of the debtor or its serious cash flow problem, then it is recognized as a bad debt and written off for bad debt provision already made.

11. Inventories

Inventories include materials in transit, raw materials, work in progress, finished goods, materials under entrusted processing, self made semi-finished goods, turnover materials and second-hand vehicles etc.

Inventories are initially carried at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other costs. The actual cost of inventories transferred out is assigned by using weighted average method, first-in-first-out method or specific identification method. Low value consumables are amortized by using immediate write-off method.

The Groups adopts perpetual inventory system.

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the cost of inventories is higher than the net realizable value, a provision for decline in value of inventories is recognized in profit or loss for the current period. If factors that previously resulted in the provision for decline in value of inventories no longer exist, so that the net realizable value is higher than the carrying amount, the amount of the write-down is reversed. The reversal is limited to the amount originally provided for the decline in value of inventories. The amount of the reversal is recognized in profit or loss for the current period.

三、重要會計政策及會計估計(續)

10. 應收款項(續)

(3) *單項金額不重大但單獨計提壞賬準備的應收款項*

本集團對於單項金額不重大但存在客觀證據表明該應收款項發生減值的，本集團根據其未來現金流量現值低於其賬面價值的差額，計提壞賬準備，計入當期損益。

對於有確鑿證據表明應收款項確實無法收回時，如債務單位已撤銷、破產、資不抵債、現金流量嚴重不足等，確認為壞賬，並沖銷已計提的壞賬準備。

11. 存貨

存貨包括在途物資、原材料、在產品、產成品、委托加工材料、自製半成品、周轉材料和二手車等。

存貨按照成本進行初始計量。存貨成本包括採購成本、加工成本和其他成本。發出存貨，採用加權平均法、先進先出法或個別計價法確定其實際成本。低值易耗品採用一次轉銷法進行攤銷。

存貨的盤存制度採用永續盤存制。

於資產負債表日，存貨按照成本與可變現淨值孰低計量，對成本高於可變現淨值的，計提存貨跌價準備，計入當期損益。如果以前計提存貨跌價準備的影響因素已經消失，使得存貨的可變現淨值高於其賬面價值，則在原先已計提的存貨跌價準備金額內，將以前減記的金額予以恢復，轉回的金額計入當期損益。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Inventories (Continued)

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The provision for decline in value of inventories is made on an individual basis or a category basis.

12. Assets classified as held-for-sale

Except for financial assets and deferred tax assets, corporate constituents (or non-current assets) are classified as held-for-sale if the following conditions are satisfied:

- (1) The constituent (or non-current asset) shall be ready for immediate sale merely under customary terms for this kind of constituent in its existing conditions;
- (2) Resolution has been made by the Group concerning the disposition of such constituent (or non-current asset) and, if required, shareholders' approval have been obtained;
- (3) Irrevocable transfer agreement has been entered into with transferee;
- (4) The transfer will be completed within one year.

Individual assets or disposal groups of non-current assets classified as held-for-sale are not subject to depreciation or amortization. They are measured at fair value less cost of disposal, but such amount shall not exceed the original carrying amount during a period where the conditions precedent to being held-for-sale are satisfied. The excess of the original carrying amount over fair value less cost of disposal shall be taken to profit and loss for the current period as loss on impairment of assets.

13. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, jointly controlled enterprises and associates.

三、重要會計政策及會計估計(續)

11. 存貨(續)

可變現淨值，是指在日常活動中，存貨的估計售價減去至完工時估計將要發生的成本、估計的銷售費用以及相關稅費後的金額。計提存貨跌價準備時按單個存貨項目或類別計提。

12. 劃分為持有待售的資產

同時滿足以下條件的企業組成部分(或非流動資產)，除金融資產、遞延所得稅資產之外，本集團將其劃分為持有待售：

- (1) 該組成部分(或非流動資產)必須在其當前狀況下僅根據出售此類組成部分的慣常條款即可立即出售；
- (2) 本集團已經就處置該組成部分(或非流動資產)作出決議，如按規定需得到股東批准的，已經取得股東大會的批准；
- (3) 已經與受讓方簽訂了不可撤銷的轉讓協議；
- (4) 該項轉讓將在一年內完成。

劃分為持有待售的非流動資產的單項資產和處置組，不計提折舊或攤銷，也不採用權益法進行會計處理，按照公允價值減去處置費用後的金額計量，但不得超過符合持有待售條件時的原賬面價值。原賬面價值高於公允價值減去處置費用後的差額，作為資產減值損失計入當期損益。

13. 長期股權投資

長期股權投資包括對子公司、合營企業和聯營企業的權益性投資。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Long-term equity investments (Continued)

A long-term equity investment is initially recorded at its initial investment cost on acquisition. For a long-term equity investment acquired under business combination involving entities under common control, the initial investment cost is determined as the initial investment cost of the long-term equity investment is the carrying value of the absorbing party's share of the owner's equity of the party being absorbed as of the date of business combination on the consolidated financial statements of the ultimate controller. The difference between the initial investment cost and the carrying value of the consideration for combination is adjusted to capital reserve (or charged against retained earnings if there is any shortfall). Other comprehensive income held prior to the acquisition date is accounted for on the same basis as where the assets or liabilities are directly disposed of by the investee in disposing of such assets or liabilities. Owners' equity recognized as a result of changes in other owners' equity of the investee other than net gains and losses, other comprehensive income and profit appropriation is taken to profit and loss for the current period upon the disposal of such investment. In particular, those which remain as long-term equity investments upon disposal are carried forward in proportion, and those which are converted to financial instruments upon disposal are carried forward in full. For a long-term equity investment acquired through a business combination involving entities not under common control, the initial investment cost is the cost of business combination (Business combination involving entities not under common control which is achieved after multiple transactions, the initial investment cost is the sum of carrying value of equity investments of the acquiree held prior to the date of acquisition and the addition to investment cost on the date of acquisition). Cost of business combination includes the sum of fair values of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer. Other comprehensive income recognized on equity method held prior to the date of acquisition is accounted for on the same basis as where the assets or liabilities are directly disposed of by the investee in disposing of such assets or liabilities. Accumulated fair value change of equity investments held prior to the date of acquisition being taken to other comprehensive income as financial instrument is taken to profit or loss for the current period under cost method. Long-term equity investments acquired by means other than business combination, initial investment cost is determined as follows: for a long-term equity investment acquired by paying cash, the initial investment cost is the actual purchase price paid and those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; for a long-term equity investment acquired by the issue of equity securities, the initial investment cost is the fair value of the equity securities issued. For a long-term equity investment acquired by the swap of non-monetary assets, initial investment cost is determined based on Accounting Standard for Business Enterprises No. 7 – Swap of Non-monetary Assets. For a long-term equity investment acquired by way of debt restructuring, initial investment cost is determined based on Accounting Standard for Business Enterprises No. 12 – Debt Restructuring.

三、重要會計政策及會計估計(續)

13. 長期股權投資(續)

長期股權投資在取得時以初始投資成本進行初始計量。通過同一控制下的企業合併取得的長期股權投資，以合併日取得被合併方所有者權益在最終控制方合併財務報表中的賬面價值的份額作為初始投資成本；初始投資成本與合併對價賬面價值之間差額，調整資本公積(不足沖減的，沖減留存收益)；合併日之前的其他綜合收益，在處置該項投資時採用與被投資單位直接處置相關資產或負債相同的基礎進行會計處理，因被投資方除淨損益、其他綜合收益和利潤分配以外的其他股東權益變動而確認的股東權益，在處置該項投資時轉入當期損益；其中，處置後仍為長期股權投資的按比例結轉，處置後轉換為金融工具的則全額結轉。通過非同一控制下的企業合併取得的，以合併成本作為初始投資成本(通過多次交易分步實現非同一控制下的企業合併的，以購買日之前所持被購買方的股權投資的賬面價值與購買日新增投資成本之和作為初始投資成本)，合併成本包括購買方付出的資產、發生或承擔的負債、發行的權益性證券的公允價值之和；購買日之前持有的因採用權益法核算而確認的其他綜合收益，在處置該項投資時採用與被投資單位直接處置相關資產或負債相同的基礎進行會計處理；購買日之前持有的股權投資作為金融工具計入其他綜合收益的累計公允價值變動在改按成本法核算時轉入當期損益。除企業合併形成的長期股權投資以外方式取得的長期股權投資，按照下列方法確定初始投資成本：支付現金取得的，以實際支付的購買價款及與取得長期股權投資直接相關的費用、稅金及其他必要支出作為初始投資成本；發行權益性證券取得的，以發行權益性證券的公允價值作為初始投資成本。通過非貨幣性資產交換取得的，按照《企業會計準則第7號—非貨幣性資產交換》確定初始投資成本；通過債務重組取得的，按照《企業會計準則第12號—債務重組》確定初始投資成本。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Long-term equity investments (Continued)

For a long-term equity investment where the Company can exercise control over the investee, the Company uses the cost method in the Company's financial statements. Control refers to the power over an investee, and exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns.

Under the cost method, the long-term equity investment is measured at its initial investment cost. For addition or reduction of investments, the cost of long-term equity investments is adjusted. Cash dividend or profit distribution declared by an investee is recognized as profit or loss in the current period.

The equity method is adopted for a long-term equity investment when the Group holds joint control, or exercises significant influence on the investee. Joint control refers to the contractually-agreed shared control over an arrangement and related activities under such arrangement shall be decided upon with the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but cannot control or jointly control with other parties over the formulation of those policies.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the investing entity's interest in the fair values of the investee's identifiable net assets at the acquisition date, the excess is included in the initial investment cost. Where the initial investment cost is less than the investing entity's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference is charged to profit or loss for the current period, and the cost of the long-term equity investment is adjusted accordingly.

三、重要會計政策及會計估計(續)

13. 長期股權投資(續)

本公司能夠對被投資單位實施控制的長期股權投資，在本公司個別財務報表中採用成本法核算。控制，是指擁有對被投資方的權力，通過參與被投資方的相關活動而享有可變回報，並且有能力運用對被投資方的權力影響回報金額。

採用成本法時，長期股權投資按初始投資成本計價。追加或收回投資的，調整長期股權投資的成本。被投資單位宣告分派的現金股利或利潤，確認為當期投資收益。

本集團對被投資單位具有共同控制或重大影響的，長期股權投資採用權益法核算。共同控制，是指按照相關約定對某項安排所共有的控制，並且該安排的相關活動必須經過分享控制權的參與方一致同意後才能決策。重大影響，是指對被投資單位的財務和經營政策有參與決策的權力，但並不能夠控制或者與其他方一起共同控制這些政策的制定。

採用權益法時，長期股權投資的初始投資成本大於投資時應享有被投資單位可辨認淨資產公允價值份額的，歸入長期股權投資的初始投資成本；長期股權投資的初始投資成本小於投資時應享有被投資單位可辨認淨資產公允價值份額的，其差額計入當期損益，同時調整長期股權投資的成本。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Long-term equity investments (Continued)

Under the equity method, the Group recognizes its share of the net profits or losses and other comprehensive income made by the investee as investment income or losses and other comprehensive income after the acquisition of the long-term equity investments, and adjusts the carrying amount of the investment accordingly. The Group recognizes its share of the investee's net profits or losses after making appropriate adjustments to the investee's net profits based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods, and eliminating the portion of the profits or losses arising from internal transactions with its jointly controlled enterprises and associates, attributable to the investing entity according to its share ratio (but impairment losses for assets arising from internal transactions shall be recognized in full). The carrying amount of the investment is reduced accordingly based on the Group's share of any profit distributions or cash dividends declared by the investee. The Group's share of net losses of the investee is recognized to the extent the carrying amount of the investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero, except that the Group has incurred obligations to assume additional losses. The Group adjusts the carrying amount of the long-term equity investment for any changes in owners' equity of the investee (other than net profits or losses, other comprehensive income and profit distribution) and includes the corresponding adjustments in the shareholders' equity.

三、重要會計政策及會計估計(續)

13. 長期股權投資(續)

採用權益法時，取得長期股權投資後，按照應享有或應分擔的被投資單位實現的淨損益和其他綜合收益的份額，分別確認投資損益和其他綜合收益並調整長期股權投資的賬面價值。在確認應享有被投資單位淨損益的份額時，以取得投資時被投資單位可辨認資產等的公允價值為基礎，按照本集團的會計政策及會計期間，並抵銷與聯營企業及合營企業之間發生的內部交易損益按照應享有的比例計算歸屬於投資方的部分(但內部交易損失屬於資產減值損失的，應全額確認)，對被投資單位的淨利潤進行調整後確認，但投出或出售的資產構成業務的除外。按照被投資單位宣告分派的利潤或現金股利計算應享有的部分，相應減少長期股權投資的賬面價值。本集團確認被投資單位發生的淨虧損，以長期股權投資的賬面價值以及其他實質上構成對被投資單位淨投資的長期權益減記至零為限，本集團負有承擔額外損失義務的除外。對於被投資單位除淨損益、其他綜合收益和利潤分配以外股東權益的其他變動，調整長期股權投資的賬面價值並計入股東權益。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Long-term equity investments (Continued)

On disposal of the long-term equity investments, the difference between book value and market price is recognized in profit or loss for the current period. For long-term equity investments under equity method, when the use of the equity method is discontinued, other comprehensive income previously accounted for under the equity method shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Shareholders' equity recognised as a result of changes in shareholders' equity other than the net-off of profit and loss, other comprehensive income and profit allocation of the investee shall be transferred in full to current profit and loss. If the equity method remains in use, other comprehensive income previously accounted for under the equity method shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee and transferred to current profit and loss on a pro-rata basis. Shareholders' equity recognised as a result of changes in shareholders' equity other than the net-off of profit and loss, other comprehensive income and profit allocation of the investee shall be transferred to current profit and loss on a pro-rata basis.

14. Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property includes a land use right that is leased out and a building that is leased out.

An investment property is measured initially at its cost. If the economic benefits relating to an investment property will probably flow in and the cost can be reliably measured, subsequent costs incurred for the property is included in the cost of the investment property. Otherwise, subsequent costs are recognized in profit or loss for the period in which they are incurred.

三、重要會計政策及會計估計(續)

13. 長期股權投資(續)

處置長期股權投資，其賬面價值與實際取得價款的差額，計入當期損益。採用權益法核算的長期股權投資，終止採用權益法的，原權益法核算的相關其他綜合收益採用與被投資單位直接處置相關資產或負債相同的基礎進行會計處理，因被投資方除淨損益、其他綜合收益和利潤分配以外的其他股東權益變動而確認的股東權益，全部轉入當期損益；仍採用權益法的，原權益法核算的相關其他綜合收益採用與被投資單位直接處置相關資產或負債相同的基礎進行會計處理並按比例轉入當期損益，因被投資方除淨損益、其他綜合收益和利潤分配以外的其他股東權益變動而確認的股東權益按相應的比例轉入當期損益。

14. 投資性房地產

投資性房地產，是指為賺取租金或資本增值，或兩者兼有而持有的房地產，包括已出租的土地使用權、已出租的建築物。

投資性房地產按照成本進行初始計量。與投資性房地產有關的後續支出，如果與該資產有關的經濟利益很可能流入且其成本能夠可靠地計量，則計入投資性房地產成本。否則，於發生時計入當期損益。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Investment property (Continued)

The Group uses the cost model for subsequent measurement of its investment property. Depreciation or amortization is calculated on the straight-line basis over its useful life, as follows:

Item 項目	Expected useful life (years) 預計使用壽命(年)	Expected net rate of residual value 預計淨殘值率(%)	Annual depreciation 年折舊率(%)
Land use rights 土地所有權	48.5–50年 years	0	2.00–2.06
Houses and buildings 房屋及建築物	14.5–30年 years	0–5	3.17–6.90

15. Fixed assets

A fixed asset is recognized only when the economic benefits associated with the asset will probably flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditure incurred for a fixed asset that meet the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognized. Otherwise, such expenditure shall be recognized in profit or loss for the period in which they are incurred.

Fixed assets are initially measured at cost. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable expenditure for bringing the asset to working condition for its intended use. Other than fixed assets arising from the use and appropriation of safety funds, special reserve offset against the cost of fixed assets, and equivalent amounts of accumulated depreciation recognized; and certain equipment of the parent company, and machinery and equipment of certain subsidiaries namely Weichai America Corp., Shaanxi Fast Gear Co., Ltd., Baoji Fast Gear Co., Ltd. and Xi'an Fast Auto Drive Co., Ltd., for which double-declining balance method is used for depreciation, the straight line method is adopted for the depreciation of other fixed assets.

三、重要會計政策及會計估計(續)

14. 投資性房地產(續)

本集團採用成本模式對投資性房地產進行後續計量，在其使用壽命內採用直線法計提折舊或攤銷。列示如下：

15. 固定資產

固定資產僅在與其有關的經濟利益很可能流入本集團，且其成本能夠可靠地計量時才予以確認。與固定資產有關的後續支出，符合該確認條件的，計入固定資產成本，並終止確認被替換部分的賬面價值；否則，於發生時計入當期損益。

固定資產按照成本進行初始計量。購置固定資產的成本包括購買價款，相關稅費，以及為使固定資產達到預定可使用狀態前所發生的可直接歸屬於該項資產的其他支出。除使用提取的安全生產費形成的固定資產，按照形成固定資產的成本沖減專項儲備，並確認相同金額的累計折舊；以及本公司部分設備、子公司濰柴北美公司、陝西法士特齒輪有限公司、寶雞法士特齒輪有限公司及西安法士特汽車傳動有限公司的機器設備折舊採用雙倍餘額遞減法之外，其他固定資產折舊均採用直線法。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Fixed assets (Continued)

The expected useful lives, net residual value rates and annual depreciation rates of fixed assets are presented as follows:

Item	項目	Expected useful life (years) 預計使用壽命 (年)	Expected net residual value rate (%) 預計淨殘值率 (%)	Annual depreciation rate (%) 年折舊率 (%)
Land use rights	土地所有權	indefinite 無期限	0	0
Houses and buildings	房屋及建築物	10–50	0–5	1.90–10.00
Machinery and equipment	機器設備	3–15	0–5	6.33–33.33
Vehicles	運輸工具	4–10	0–5	9.50–25.00
Electronic equipment	電子設備	2–15	0–5	6.33–50.00
Other equipment	其他設備	2–15	0–5	6.33–50.00
Forklift trucks and equipment leased out (long-term)	租出的叉車及設備(長期)	2–15	0	6.67–50.00
Forklift trucks and equipment leased out (short-term)	租出的叉車及設備(短期)	2–15	0	6.67–50.00

Forklift trucks and equipment leased out (long-term)

If the risks and rewards of the leased assets remains with KION GROUP AG, a subsidiary of the Company, as the lessor under an operating lease, the assets are reported as a separate item in the balance sheet and, being measured at cost and are depreciated. To fund leases, industrial trucks are generally sold by KION GROUP AG to leasing companies. The industrial trucks are then leased back to companies in the KION GROUP AG (head lease), who sub-lease them to external end customers (described below as "sale and leaseback sub-leases"). These long-term leases generally have a term of four to five years. If, in the case of sale and leaseback sub-leases, the risks and rewards incidental to the head lease are substantially borne by KION GROUP AG and are not transferred to the end customers, the corresponding assets are reported as forklift trucks and equipment leased out (long-term) under fixed assets. However, if substantially the risks and rewards incidental to the head lease are transferred to the end customers, a corresponding lease receivable is recognized. In both cases, the funding items for these long-term customer leases, which are funded for terms that match those of the leases, are recognized as lease liabilities.

三、重要會計政策及會計估計(續)

15. 固定資產(續)

各類固定資產的原始預計使用壽命、淨殘值率及年折舊率列示如下：

租出的叉車及設備(長期)

在經營租賃的情況下，本公司之子公司KION GROUP AG作為出租人保留了租賃資產相關的風險與報酬，相關資產在財務報表附註中單獨披露，租賃資產以成本計量，並計提折舊。為滿足融資需求，KION GROUP AG通常將工業叉車銷售給第三方租賃公司，然後再租回到KION GROUP AG內部的公司(首次租賃)，再轉租給外部最終用戶(以下稱為「售後租回再轉租」)，租賃期通常為4到5年。如果售後租回再轉租的首次租賃的風險報酬仍然由KION GROUP AG承擔，同時也未通過轉租轉移給最終客戶，則相應資產列示為固定資產項下的租出的叉車及設備(長期)。如果風險報酬轉移給了最終客戶，則確認相應應收租賃款項。上述兩種情況下，與租賃期相匹配的長期租賃融資項目確認為租賃負債。

III. SIGNIFICANT ACCOUNTING POLICIES
AND ACCOUNTING ESTIMATES
(CONTINUED)

15. Fixed assets (Continued)

Forklift trucks and equipment leased out (short-term)

Forklift trucks and equipment leased out (short-term) arises from short-term rental transactions as well as the sale of industrial trucks in relation to which significant risks and rewards remain with KION GROUP AG ("sale with risk").

In the case of short-term rentals, Linde Material Handling Ltd ("LMH") and STILL Materials Handling Ltd ("STILL") under KION GROUP AG, a subsidiary group under the Company rent industrial trucks to customers directly. Short-term rental agreements usually have a term within one year. The significant risks and rewards remain with the aforesaid companies. The industrial trucks are carried at cost and depreciated over the normal useful life, depending on the product group.

In an indirect leasing arrangement, industrial trucks are sold to finance partners who then enter into leases with end customers. If LMH and STILL provide material residual value guarantees or a customer default guarantee ("sale with risk"), the trucks are recognized as assets in the balance sheet at their cost on the date of the sale and written down to their guaranteed residual value, or zero, on a straight-line basis over the period until the customer default guarantee expires. If the Company provides a residual value guarantee to LMH and STILL, an amount equivalent to the residual value obligation is recognized under financial liabilities.

For fixed assets leased in under finance lease, depreciation for leased assets is provided for using policy similar to that applied to self-owned fixed assets. When it can be reasonably determined that the ownership of a leased asset will be obtained at the end of the lease term, it is depreciated over the period of expected use; otherwise, the lease asset is depreciated over the shorter period of the lease term and its useful life.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each year-end, and make adjustments if necessary.

三、重要會計政策及會計估計(續)

15. 固定資產(續)

租出的叉車及設備(短期)

租出的叉車及設備(短期)產生於短期租賃交易和主要風險報酬仍由KION GROUP AG承擔的售出工業叉車(保留風險銷售)。

在短期租賃情況下，本公司之子公司KION GROUP AG下屬Linde Material Handling(「LMH」)和STILL Materials Handling Ltd(「STILL」)直接租賃給最終客戶，租賃期通常為1年以內，主要風險和報酬仍由上述公司承擔。工業叉車按成本計量，在正常使用年限內進行攤銷，使用年限取決於所屬的產品類別。

在間接租賃協議情況下，工業叉車銷售給金融合作夥伴，再由金融合作夥伴租賃給最終客戶。如果LMH和STILL承擔主要的擔保餘額或違約風險保證(保留風險銷售)，則上述租出資產在出售時確認為資產負債表的資產項目，按成本計量，並在違約風險保證到期前按直線法折舊到擔保餘值或者零。對於LMH和STILL提供的餘值擔保，義務被確認為金融負債。

以融資租賃方式租入的固定資產採用與自有固定資產一致的政策計提租賃資產折舊。能夠合理確定租賃期屆滿時取得租賃資產所有權的，在租賃資產使用壽命內計提折舊，無法合理確定租賃期屆滿能夠取得租賃資產所有權的，在租賃期與租賃資產使用壽命兩者中較短的期間內計提折舊。

本集團至少於每年年度終了，對固定資產的使用壽命、預計淨殘值和折舊方法進行覆核，必要時進行調整。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. Construction in progress

The cost of construction in progress is determined according to the actual expenditure incurred for the construction, including all necessary construction expenditure incurred during the construction period, borrowing costs that shall be capitalized before the construction gets ready for its intended use and other relevant expenses.

A construction in progress is transferred to fixed asset when the asset is ready for its intended use.

17. Borrowing costs

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing of the funds. Borrowing costs include interest, amortization of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings.

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. The amounts of other borrowing costs incurred are recognized as an expense in the period in which they are incurred. Qualifying assets are assets (fixed assets, investment property and inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

The capitalization of borrowing costs commences only when all of the following conditions are satisfied:

- (1) expenditures for the asset are being incurred;
- (2) borrowing costs are being incurred;
- (3) activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

三、重要會計政策及會計估計(續)

16. 在建工程

在建工程成本按實際工程支出確定，包括在建期間發生的各項必要工程支出、工程達到預定可使用狀態前的應予資本化的借款費用以及其他相關費用等。

在建工程在達到預定可使用狀態時轉入固定資產。

17. 借款費用

借款費用，是指本集團因借款而發生的利息及其他相關成本，包括借款利息、折價或者溢價的攤銷、輔助費用以及因外幣借款而發生的匯兌差額等。

可直接歸屬於符合資本化條件的資產的購建或者生產的借款費用，予以資本化，其他借款費用計入當期損益。符合資本化條件的資產，是指需要經過相當長時間的購建或者生產活動才能達到預定可使用或者可銷售狀態的固定資產、投資性房地產和存貨等資產。

借款費用同時滿足下列條件的，才能開始資本化：

- (1) 資產支出已經發生；
- (2) 借款費用已經發生；
- (3) 為使資產達到預定可使用或者可銷售狀態所必要的購建或者生產活動已經開始。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Borrowing costs (Continued)

Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Any borrowing costs subsequently incurred are recognized as an expense in the period in which they are incurred.

During the capitalization period, the amount of interest to be capitalized for each accounting period shall be determined as follows:

- (1) where funds are borrowed for a specific purpose, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds.
- (2) where funds are borrowed for a general purpose, the amount of interest to be capitalized on such borrowings is determined by applying a weighted average interest rate to the weighted average of the excess amounts of accumulated expenditure on the asset over and above the amounts of specific-purpose borrowings.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted by activities other than those necessary to prepare the asset for its intended use or sale, when the interruption is for a continuous period of more than 3 months. Borrowing costs incurred during these periods are recognized as an expense for the current period until the acquisition, construction or production is resumed.

18. Intangible assets

An intangible asset shall be recognized only when it is probable that the economic benefit associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. However, intangible assets acquired in a business combination with a fair value that can be measured reliably are recognized separately as intangible assets and measured at the fair value.

三、重要會計政策及會計估計(續)

17. 借款費用(續)

購建或者生產符合資本化條件的資產達到預定可使用或者可銷售狀態時，借款費用停止資本化。之後發生的借款費用計入當期損益。

在資本化期間內，每一會計期間的利息資本化金額，按照下列方法確定：

- (1) 專門借款以當期實際發生的利息費用，減去暫時性的存款利息收入或投資收益後的金額確定。
- (2) 佔用的一般借款，根據累計資產支出超過專門借款部分的資產支出加權平均數乘以所佔用一般借款的加權平均利率計算確定。

符合資本化條件的資產在購建或者生產過程中，發生除達到預定可使用或者可銷售狀態必要的程序之外的非正常中斷、且中斷時間連續超過3個月的，暫停借款費用的資本化。在中斷期間發生的借款費用確認為費用，計入當期損益，直至資產的購建或者生產活動重新開始。

18. 無形資產

無形資產僅在與其有關的經濟利益很可能流入本集團，且其成本能夠可靠地計量時才予以確認，並以成本進行初始計量。但非同一控制下企業合併中取得的無形資產，其公允價值能夠可靠地計量的，即單獨確認為無形資產並按照公允價值計量。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Intangible assets (Continued)

The useful life of an intangible asset is determined according to the period over which it is expected to generate economic benefits for the Group. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

The original useful lives of the intangible assets are as follows:

		Useful life (years) 使用壽命(年)
Technology know-how	專有技術	3–20 years 3–20年
Land use rights	土地使用權	30–50 years 30–50年
Computer software	計算機軟件	2–10 years 2–10年
License	特許權	3–15 years 3–15年
Orders on hand	在手訂單	1–25 years 1–25年
Customer relationship	客戶關係	2–17 years 2–17年
Intangible assets arising from in-house research and development	內部研發形成無形資產	5–7 years 5–7年
Others	其他	3–10 years 3–10年
Trademark rights	商標使用權	indefinite 不確定

Land use rights that are acquired by the Group are generally accounted for as intangible assets. Buildings, such as plants that are developed and constructed by the Group, and relevant land use rights and buildings, are accounted for as intangible assets and fixed assets, respectively. Payments for the land and buildings acquired are allocated between the land use rights and the buildings; if they cannot be reasonably allocated, all of the land use rights and buildings are accounted for as fixed assets.

An intangible asset with a finite useful life is amortized using the straight-line method over its useful life. For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at least at each year-end and makes adjustment if necessary.

三、重要會計政策及會計估計(續)

18. 無形資產(續)

無形資產按照其能為本集團帶來經濟利益的期限確定使用壽命，無法預見其為本集團帶來經濟利益期限的作為使用壽命不確定的無形資產。

各項無形資產的原始使用壽命如下：

本集團取得的土地使用權，通常作為無形資產核算。自行開發建造廠房等建築物，相關的土地使用權和建築物分別作為無形資產和固定資產核算。外購土地及建築物支付的價款在土地使用權和建築物之間進行分配，難以合理分配的，全部作為固定資產處理。

使用壽命有限的無形資產，在其使用壽命內採用直線法攤銷。本集團至少於每年年度終了，對使用壽命有限的無形資產的使用壽命及攤銷方法進行覆核，必要時進行調整。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Intangible assets (Continued)

An intangible asset with an indefinite useful life are tested for impairment at least once every year, irrespective of whether there is any indication that the asset may be impaired. This category of intangible assets will not be amortized and will be reviewed every accounting period based on its useful life. If there are evidence indicates that its useful life is limited, the asset will be accounted for in accordance to the policy for intangible asset with definite useful life stated above.

The Group classifies the expenditure on an internal research and development project into expenditure on the research phase and expenditure on the development phase. Expenditure on the research phase is recognized in profit or loss for the period in which it is incurred. Expenditure on the development phase is capitalized when the Group can demonstrate all of the following: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) the intention to complete the intangible asset and use or sell it; (iii) how the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (iv) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and (v) its ability to measure reliably the expenditure attributable to the intangible asset during its development. Expenditure in the development phase that does not meet the above criteria is recognized in profit or loss for the period in which it is incurred.

19. Impairment of assets

The Group determines the impairment of assets, other than the impairment of inventories, deferred income taxes, financial assets and assets classified as held-for-sale, using the following methods:

三、重要會計政策及會計估計(續)

18. 無形資產(續)

對使用壽命不確定的無形資產，無論是否存在減值跡象，每年均進行減值測試。此類無形資產不予攤銷，在每個會計期間對其使用壽命進行覆核。如果有證據表明使用壽命是有限的，則按上述使用壽命有限的無形資產的政策進行會計處理。

本集團將內部研究開發項目的支出，區分為研究階段支出和開發階段支出。研究階段的支出，於發生時計入當期損益。開發階段的支出，只有在同時滿足下列條件時，才能予以資本化，即：完成該無形資產以使其能夠使用或出售在技術上具有可行性；具有完成該無形資產並使用或出售的意圖；無形資產產生經濟利益的方式，包括能夠證明運用該無形資產生產的產品存在市場或無形資產自身存在市場，無形資產將在內部使用的，能夠證明其有用性；有足夠的技術、財務資源和其他資源支持，以完成該無形資產的開發，並有能力使用或出售該無形資產；歸屬於該無形資產開發階段的支出能夠可靠地計量。不滿足上述條件的開發支出，於發生時計入當期損益。

19. 資產減值

本集團對除存貨、遞延所得稅、金融資產、劃分為持有待售的資產外的資產減值，按以下方法確定：

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Impairment of assets (Continued)

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs test for impairment. Goodwill arising from a business combination and an intangible asset with an indefinite useful life are tested for impairment at least at each year-end, irrespective of whether there is any indication that the asset may be impaired. Intangible assets that have not been ready for intended use are tested for impairment each year.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flow expected to be derived from the asset. The Group estimates the recoverable amount on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The reduction in carrying amount is recognized in profit or loss for the current period. A provision for impairment of the asset is recognized accordingly.

For the purpose of impairment testing, the carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis, to each of the related asset groups; if it is impossible to allocate to the related asset groups, it is allocated to each of the related sets of asset groups. Each of the related asset groups or sets of asset groups is an asset group or set of asset group that is able to benefit from the synergies of the business combination and shall not be larger than a reportable segment determined by the Group.

三、重要會計政策及會計估計(續)

19. 資產減值(續)

本集團於資產負債表日判斷資產是否存在可能發生減值的跡象，存在減值跡象的，本集團將估計其可收回金額，進行減值測試。對因企業合併所形成的商譽和使用壽命不確定的無形資產，無論是否存在減值跡象，至少於每年末進行減值測試。對於尚未達到可使用狀態的無形資產，也每年進行減值測試。

可收回金額根據資產的公允價值減去處置費用後的淨額與資產預計未來現金流量的現值兩者之間較高者確定。本集團以單項資產為基礎估計其可收回金額；難以對單項資產的可收回金額進行估計的，以該資產所屬的資產組為基礎確定資產組的可收回金額。資產組的認定，以資產組產生的主要現金流入是否獨立於其他資產或者資產組的現金流入為依據。

當資產或者資產組的可收回金額低於其賬面價值時，本集團將其賬面價值減記至可收回金額，減記的金額計入當期損益，同時計提相應的資產減值準備。

就商譽的減值測試而言，對於因企業合併形成的商譽的賬面價值，自購買日起按照合理的方法分攤至相關的資產組；難以分攤至相關的資產組的，將其分攤至相關的資產組組合。相關的資產組或者資產組組合，是能夠從企業合併的協同效應中受益的資產組或者資產組組合，且不大於本集團確定的報告分部。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Impairment of assets (Continued)

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment, if there is any indication of impairment, the Group firstly tests the asset group or set of asset groups excluding the amount of goodwill allocated for impairment, determines the recoverable amount and recognizes any impairment loss. After that, the Group tests the asset group or set of asset groups including goodwill for impairment, whereby the carrying amount of the related asset group or set of asset groups is compared to its recoverable amount. If the carrying amount of the asset group or set of asset groups is higher than its recoverable amount, the amount of the impairment loss firstly reduces the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then reduce the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, pro rata on the basis of the carrying amount of each asset.

Once the above impairment loss is recognized, it cannot be reversed in subsequent accounting periods.

20. Long-term prepaid expenses

Long-term prepaid expenses are amortized using straight-line method with amortization period as follows:

		Amortization period (years) 攤銷期(年)
Industrial mould fee	工裝模具費	1-5
Industrial equipment fee	工位器具費	5
Expenditure on improvement of fixed assets leased in	租入固定資產改良支出	The shorter of useful life and lease term 使用壽命與租賃期孰短

21. Payroll

Payroll are all forms of consideration or compensation given by the Group for obtaining services rendered by employees or for terminating working relationship. Payroll include short-term remuneration, post-employment benefits, severance benefits and other long-term staff benefits. The benefits provided to spouses, children, persons receiving maintenance, widows or widowers of deceased staff and other beneficiaries are also included in payroll.

三、重要會計政策及會計估計(續)

19. 資產減值(續)

對包含商譽的相關資產組或者資產組組合進行減值測試時，如與商譽相關的資產組或者資產組組合存在減值跡象的，首先對不包含商譽的資產組或者資產組組合進行減值測試，計算可收回金額，確認相應的減值損失。然後對包含商譽的資產組或者資產組組合進行減值測試，比較其賬面價值與可收回金額，如可收回金額低於賬面價值的，減值損失金額首先抵減分攤至資產組或者資產組組合中商譽的賬面價值，再根據資產組或者資產組組合中除商譽之外的其他各項資產的賬面價值所佔比重，按比例抵減其他各項資產的賬面價值。

上述資產減值損失一經確認，在以後會計期間不再轉回。

20. 長期待攤費用

長期待攤費用採用直線法攤銷，攤銷期如下：

		Amortization period (years) 攤銷期(年)
Industrial mould fee	工裝模具費	1-5
Industrial equipment fee	工位器具費	5
Expenditure on improvement of fixed assets leased in	租入固定資產改良支出	The shorter of useful life and lease term 使用壽命與租賃期孰短

21. 職工薪酬

職工薪酬，是指本集團為獲得職工提供的服務或解除勞動關係而給予的除股份支付以外各種形式的報酬或補償。職工薪酬包括短期薪酬、離職後福利、辭退福利和其他長期職工福利。本集團提供給職工配偶、子女、受贍養人、已故員工遺屬及其他受益人等的福利，也屬於職工薪酬。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. Payroll (Continued)

Short-term remuneration

Short-term remuneration actually incurred during the accounting period in which the staff members provide services are recognized as liability and taken to the profit and loss for the current period or the costs of the relevant asset.

Post-employment benefits (Defined contribution plan)

The employees of the Group participate in pension insurance administered by local governments. The relevant expenditure is recognized, when incurred, in the costs of relevant assets or the profit and loss for the current period.

Post-employment benefits (Defined benefit plan)

Some overseas subsidiaries of the group operate defined benefit pension plan, under which contributions shall be made to a separately-administered fund. The cost of providing benefits under the defined benefit pension plan is determined using the projected unit credit method.

Any re-measurements arising from the defined benefit pension plan, including actuarial gains and losses, change to the effect on maximum assets (net of amounts included under net interest) and return on assets under the plan (net of amount included under net interest), are recognized immediately in balance sheet, and included as incurred in owners' equity through other comprehensive income. No reversal to profit or loss will be made in subsequent periods.

Previous service costs are recognized as expenses for the current period on the earlier of the following dates: when amendments are made to the defined benefit plan; or when the Group recognizes the relevant reorganization costs or severance benefits.

三、重要會計政策及會計估計(續)

21. 職工薪酬(續)

短期薪酬

在職工提供服務的會計期間，將實際發生的短期薪酬確認為負債，並計入當期損益或相關資產成本。

離職後福利(設定提存計劃)

本集團的職工參加由當地政府管理的養老保險和失業保險，還參加了企業年金，相應支出在發生時計入相關資產成本或當期損益。

離職後福利(設定受益計劃)

本集團的部分海外子公司運作設定受益退休金計劃，該等計劃要求向獨立管理的基金繳存費用。設定受益計劃下提供該福利的成本採用預期累積福利單位法。

設定受益退休金計劃引起的重新計量，包括精算利得或損失，資產上限影響的變動(扣除包括在設定受益計劃淨負債利息淨額中的金額)和計劃資產回報(扣除包括在設定受益計劃淨負債利息淨額中的金額)，均在資產負債表中立即確認，並在其發生期間通過其他綜合收益計入股東權益，後續期間不轉回至損益。

在下列日期孰早日將過去服務成本確認為當期費用：修改設定受益計劃時；本集團確認相關重組費用或辭退福利時。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. Payroll (Continued)

Post-employment benefits (Defined benefit plan) (Continued)

Net interest is calculated by multiplying the net liabilities or net assets under the defined benefit plan with the discount rate. Changes in the net obligations under the defined benefit plan are recognized under cost of sales, general and administrative expenses and finance expenses in the income statement. Costs of services include costs of services for the current period, costs of services for previous periods, and gains or losses on settlement. Net interest includes interest income accrued upon assets under the plan, interest expenses incurred due to obligations under the plan, and interest under the effect of maximum assets.

Severance benefits

Where the Group provides severance benefits to its employees, payroll payable arising from such severance benefits are recognized on the earlier of the following dates and included in profit or loss for the current period: when the company is unable to unilaterally withdraw the severance benefits provided under its plan to terminate working relationship with employees or redundancy plan; or when the company recognizes costs or expenses relating to reorganization involving the payment of severance benefits.

Other long-term staff benefits

For other long-term staff benefits provided to staff members, the provisions for post-employment benefits apply for recognizing and measuring the net liabilities or net assets for other long-term staff benefits, but movements are taken to profit and loss for the current period or the costs of the relevant assets.

22. Provisions

Except for contingent consideration transferred and contingent liability assumed in business combinations not involving entities under common control, the Group recognizes an obligation related to a contingency as a provision when all of the following conditions are satisfied:

- (1) the obligation is a present obligation of the Group;
- (2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation;
- (3) the amount of the obligation can be measured reliably.

三、重要會計政策及會計估計(續)

21. 職工薪酬(續)

離職後福利(設定受益計劃)(續)

利息淨額由設定受益計劃淨負債或淨資產乘以折現率計算而得。本集團在利潤表的營業成本、管理費用、財務費用中確認設定受益計劃淨義務的變動：服務成本，包括當期服務成本、過去服務成本和結算利得或損失；利息淨額，包括計劃資產的利息收益、計劃義務的利息費用以及資產上限影響的利息。

辭退福利

本集團向職工提供辭退福利的，在下列兩者孰早日確認辭退福利產生的職工薪酬負債，並計入當期損益：企業不能單方面撤回因解除勞動關係計劃或裁減建議所提供的辭退福利時；企業確認與涉及支付辭退福利的重組相關的成本或費用時。

其他長期職工福利

向職工提供的其他長期職工福利，適用離職後福利的有關規定確認和計量其他長期職工福利淨負債或淨資產，但變動均計入當期損益或相關資產成本。

22. 預計負債

除了非同一控制下企業合併中的或有對價及承擔的或有負債之外，當與或有事項相關的義務同時符合以下條件，本集團將其確認為預計負債：

- (1) 該義務是本集團承擔的現時義務；
- (2) 該義務的履行很可能導致經濟利益流出本集團；
- (3) 該義務的金額能夠可靠地計量。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Provisions (Continued)

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed at the balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimate.

A contingent liability recognized in a business combination from the acquiree is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognized in accordance with the general guidance for provisions above; and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the guidance for revenue recognition.

23. Share-based payments

Share-based payments can be distinguished into equity-settled share-based payments and cash-settled share-based payments. Equity-settled share-based payments are transactions of the Group settled through the payment of shares or other equity instruments in consideration for receiving services.

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the capital reserve is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting the capital reserve accordingly at the fair value on the date of grant according to the best estimates conducted by the Group at each balance sheet date during the pending period based on subsequent information such as latest updates on the change in the number of entitled employees and whether performance conditions have been fulfilled, and etc. For the fair value of equity instruments, see Note XI.

三、重要會計政策及會計估計(續)

22. 預計負債(續)

預計負債按照履行相關現時義務所需支出的最佳估計數進行初始計量，並綜合考慮與或有事項有關的風險、不確定性和貨幣時間價值等因素。每個資產負債表日對預計負債的賬面價值進行覆核。有確鑿證據表明該賬面價值不能反映當前最佳估計數的，按照當前最佳估計數對該賬面價值進行調整。

企業合併中取得的被購買方或有負債在初始確認時按照公允價值計量，在初始確認後，按照預計負債確認的金額，和初始確認金額扣除收入確認原則確定的累計攤銷額後的餘額，以兩者之中的較高者進行後續計量。

23. 股份支付

股份支付，分為以權益結算的股份支付和以現金結算的股份支付。以權益結算的股份支付，是指本集團為獲取服務以股份或其他權益工具作為對價進行結算的交易。

以權益結算的股份支付換取職工提供服務的，以授予職工權益工具的公允價值計量。授予後立即可行權的，在授予日按照公允價值計入相關成本或費用，相應增加資本公積；完成等待期內的服務或達到規定業績條件才可行權的，在等待期內每個資產負債表日，本集團根據最新取得的可行權職工人數變動、是否達到規定業績條件等後續信息對可行權權益工具數量作出最佳估計，以此為基礎，按照授予日的公允價值，將當期取得的服務計入相關成本或費用，相應增加資本公積。權益工具的公允價值參見附註十一。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Share-based payments (Continued)

The cost of equity-settled transactions is recognised, together with a corresponding increase in capital reserve, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest because of the failure to satisfy non-market conditions and/or service term conditions. Where the share-based payment agreement stipulates market conditions or non-vesting conditions, it is treated as being able to be vested irrespective of whether or not the market conditions or non-vesting conditions are satisfied, provided that all other conditions about results of performance and/or conditions about service term are satisfied.

Where the terms of an equity-settled share-based payment are modified, as a minimum, services obtained are recognized as if the terms had not been modified. In addition, an expense is recognized for any modification which increases the total fair value of the instrument granted, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. Where employees or other parties are permitted to choose to fulfill non-vesting conditions but have not fulfilled during the pending period, equity-settled share-based payments are deemed cancelled. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the new awards are treated as if they were a modification of the original award.

三、重要會計政策及會計估計(續)

23. 股份支付(續)

在滿足業績條件和服務期限條件的期間，應確認以權益結算的股份支付的成本或費用，並相應增加資本公積。可行權日之前，於每個資產負債表日為以權益結算的股份支付確認的累計金額反映了等待期已屆滿的部分以及本集團對最終可行權的權益工具數量的最佳估計。

對由於未滿足非市場條件和/或服務期限條件而最終未能行權的股份支付，不確認成本或費用。股份支付協議中規定了市場條件或非可行權條件的，無論是否滿足市場條件或非可行權條件，只要滿足所有其他業績條件和/或服務期限條件，即視為可行權。

如果修改了以權益結算的股份支付的條款，至少按照未修改條款的情況確認取得的服務。此外，增加所授予權益工具公允價值的修改，或在修改日對職工有利的變更，均確認取得服務的增加。

如果取消了以權益結算的股份支付，則於取消日作為加速行權處理，立即確認尚未確認的金額。職工或其他方能夠選擇滿足非可行權條件但在等待期內未滿足的，作為取消以權益結算的股份支付處理。但是，如果授予新的權益工具，並在新權益工具授予日認定所授予的新權益工具是用於替代被取消的權益工具的，則以與處理原權益工具條款和條件修改相同的方式，對所授予的替代權益工具進行處理。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Share-based payments (Continued)

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the Group. Initial measurement is based on fair value as at the date of grant, and reference is made to the terms and conditions attached to the equity instruments. Refer to Note XI. If the right may be exercised immediately after the grant, the fair value of the liability undertaken by the enterprise shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly. If the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses at the fair value of the liability undertaken by the enterprise, and the liabilities shall be increased accordingly. On each balance sheet date prior to settlement of the relevant liabilities and on the settlement date, the fair value of the liability is re-measured and any change of fair value is taken to profit or loss for the current period.

24. Revenue

Revenue is recognized only when it is probable that the associated economic benefits will flow to the Group, its amount can be measured reliably, and the following conditions are satisfied.

Revenue From the Sales of Goods

Revenue is recognized when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; and the associated costs incurred or to be incurred can be measured reliably. The amount of revenue arising from the sale of goods is determined in accordance with the consideration received or receivable from the buyer under contract or agreement, except where the consideration received or receivable under contract or agreement is not fair. Where the consideration receivable under contract or agreement is deferred, such that the arrangement is in substance of a financing nature, the amount of revenue arising on the sale of goods is measured at the fair value of the consideration receivable under contract or agreement.

三、重要會計政策及會計估計(續)

23. 股份支付(續)

以現金結算的股份支付，按照本集團承擔的以股份或其他權益工具為基礎計算確定的負債的公允價值計量。初始按照授予日的公允價值計量，並考慮授予權益工具的條款和條件，參見附註十一。授予後立即可行權的，在授予日以承擔負債的公允價值計入成本或費用，相應增加負債；完成等待期內的服務或達到規定業績條件才可行權的，在等待期內以對可行權情況的最佳估計為基礎，按照承擔負債的公允價值，將當期取得的服務計入相關成本或費用，增加相應負債。在相關負債結算前的每個資產負債表日以及結算日，對負債的公允價值重新計量，其變動計入當期損益。

24. 收入

收入在經濟利益很可能流入本集團、且金額能夠可靠計量，並同時滿足下列條件時予以確認。

銷售商品收入

本集團已將商品所有權上的主要風險和報酬轉移給購貨方，並不再對該商品保留通常與所有權相聯繫的繼續管理權和實施有效控制，且相關的已發生或將發生的成本能夠可靠地計量，確認為收入的實現。銷售商品收入金額，按照從購貨方已收或應收的合同或協議價款確定，但已收或應收的合同或協議價款不公允的除外；合同或協議價款的收取採用遞延方式，實質上具有融資性質的，按照應收的合同或協議價款的公允價值確定。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Revenue (Continued)

Revenue From the Rendering of Services

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognized using the percentage of completion method, or otherwise, the revenue is recognized to the extent of costs incurred that are expected to be recoverable. The outcome of a transaction involving rendering of services can be estimated reliably when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the Group; the stage of completion of the transaction can be measured reliably; the costs incurred and to be incurred for the transaction can be measured reliably. The Group determines the stage of completion of a transaction involving the rendering of services by using the proportion of costs incurred to date to the estimated total costs. The total service revenue on a transaction involving rendering of services is determined in accordance with the consideration received or receivable from the recipient of services under contract or agreement, except where the consideration received or receivable under contract or agreement is not fair.

Revenue from the rendering of services is recognized during the accounting period in which the services are rendered. For the rendering of services across periods, the recognition shall be in proportion to the percentage of completion, namely the completion schedule of transaction. Revenue from long-term service agreements is recognized in stages based on the average terms of service agreements and accrued costs.

Revenue from financial service transactions is recognised in the amount of the sale value of the leased asset if classified as a finance lease and in the amount of the lease payments if classified as an operating lease. As part of the financial service provided by the group company, industrial trucks are sold to finance company who then enter into leases directly with the end customer. If significant risks and rewards remain with the group company as a result of an agreed residual value guarantee that accounts for more than 10 per cent of the asset's value or as a result of an agreed customer default guarantee, the proceeds from the sale are deferred and recognised as revenue on a straight-line basis over the term.

三、重要會計政策及會計估計(續)

24. 收入(續)

提供勞務收入

於資產負債表日，在提供勞務交易的結果能夠可靠估計的情況下，按完工百分比法確認提供勞務收入；否則按已經發生並預計能夠得到補償的勞務成本金額確認收入。提供勞務交易的結果能夠可靠估計，是指同時滿足下列條件：收入的金額能夠可靠地計量，相關的經濟利益很可能流入本集團，交易的完工進度能夠可靠地確定，交易中已發生和將發生的成本能夠可靠地計量。本集團以已經發生的成本佔估計總成本的比例確定提供勞務交易的完工進度。提供勞務收入總額，按照從接受勞務方已收或應收的合同或協議價款確定，但已收或應收的合同或協議價款不公允的除外。

提供勞務收入應在提供勞務的會計期間予以確認。對於跨期提供勞務的，應當按照完工百分比法確認提供勞務收入，即交易的完工進度。長期服務協議根據服務協議的平均期限和累計成本為基礎分期確認收入。

對於金融服務交易，融資租賃按照租賃資產的售價確認收入，經營租賃按照租金確認收入。部分由企業提供的金融服務，如工業叉車先銷售給租賃公司，再由租賃公司出租給終端客戶。如果重大風險和報酬還留在企業內部，則企業保留貸款的10%以上作為擔保餘值／違約保證金，這部分收入將會確認為遞延收益，在租賃期內按直線法分期確認收入。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Revenue (Continued)

Revenue From the Rendering of Services (Continued)

Where the contracts or agreements entered into with other entities cover the sale of goods or provision of services, the portion of sale of goods and the portion of provision of services are dealt with separately if the two portions can be distinguished and separately measured. If the two portions cannot be distinguished, or can be distinguished but cannot be separately measured, such contract is fully taken as to relate to sale of goods.

Interest Income

It is determined according to the length of time for which the Group's cash and cash equivalents is used by others and the effective interest rate.

Royalty Income

It is determined according to period and method of charging as stipulated in the relevant contract or agreement.

Lease Income

Lease income from operating leases is recognized on a straight-line basis over the lease term. Contingent rents are charged to profit or loss in the period in which they actually arise.

25. Government grants

Government grant is recognized when the Group can comply with the conditions attached to it and it can be received. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value; if fair value is not reliably determinable, it is measured at a nominal amount.

Government grants for purchasing, building or forming long-term assets in other methods regulated in government documents are recognized as government grants related to assets. Judgments should be made based on the necessary basic conditions for obtaining the government grants when government documents are unclearly stated. Government grants with purchasing, building or forming long-term assets in other methods as basic conditions, are recognized as government grants related to assets, whereas the rest as government grants related to income.

三、重要會計政策及會計估計(續)

24. 收入(續)

提供勞務收入(續)

本集團與其他企業簽訂的合同或協議包括銷售商品和提供勞務時，如銷售商品部分和提供勞務部分能夠區分並單獨計量的，將銷售商品部分和提供勞務部分分別處理；如銷售商品部分和提供勞務部分不能夠區分，或雖能區分但不能夠單獨計量的，將該合同全部作為銷售商品處理。

利息收入

按照他人使用本集團貨幣資金的時間和實際利率計算確定。

使用費收入

按照有關合同或協議約定的收費時間和方法計算確定。

租賃收入

經營租賃的租金收入在租賃期內各個期間按照直線法確認，或有租金在實際發生時計入當期損益。

25. 政府補助

政府補助在能夠滿足其所附的條件並且能夠收到時，予以確認。政府補助為貨幣性資產的，按照收到或應收的金額計量。政府補助為非貨幣性資產的，按照公允價值計量；公允價值不能可靠取得的，按照名義金額計量。

政府文件規定用於購建或以其他方式形成長期資產的，作為與資產相關的政府補助；政府文件不明確的，以取得該補助必須具備的基本條件為基礎進行判斷，以購建或以其他方式形成長期資產為基本條件的作為與資產相關的政府補助，除此之外的作為與收益相關的政府補助。

III. SIGNIFICANT ACCOUNTING POLICIES
AND ACCOUNTING ESTIMATES
(CONTINUED)

25. Government grants (Continued)

A government grant related to income is accounted for as follows: (a) if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized; (b) if the grant is a compensation for related expenses or losses already incurred, it is recognized immediately in profit or loss for the current period. A government grant related to an asset shall be recognized as deferred income, and evenly amortized to profit or loss for the current period over the useful life of the related asset. However, a government grant measured at a nominal amount is recognized immediately in profit or loss for the current period.

26. Income tax

Income tax comprises current and deferred tax. Income tax is recognized as income or an expense in profit or loss for the current period, or recognized directly in shareholders' equity if it arises from a business combination or relates to a transaction or event which is recognized directly in shareholders' equity.

The Group measures a current tax asset or liability arising from the current and prior period based on the amount of income tax expected to be paid by the Group or returned by tax authority calculated by related tax laws.

For temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, and temporary differences between the carrying amounts and the tax bases of items, the tax bases of which can be determined for tax purposes, but which have not been recognized as assets and liabilities according to the tax laws, deferred taxes are provided using the liability method.

三、重要會計政策及會計估計(續)

25. 政府補助(續)

與收益相關的政府補助，用於補償以後期間的相關費用或損失的，確認為遞延收益，並在確認相關費用的期間計入當期損益；用於補償已發生的相關費用或損失的，直接計入當期損益。與資產相關的政府補助，確認為遞延收益，在相關資產使用壽命內平均分配，計入當期損益。但按照名義金額計量的政府補助，直接計入當期損益。

26. 所得稅

所得稅包括當期所得稅和遞延所得稅。除由於企業合併產生的調整商譽，或與直接計入股東權益的交易或者事項相關的計入股東權益外，均作為所得稅費用或收益計入當期損益。

本集團對於當期和以前期間形成的當期所得稅負債或資產，按照稅法規定計算的預期應交納或返還的所得稅金額計量。

本集團根據資產與負債於資產負債表日的賬面價值與計稅基礎之間的暫時性差異，以及未作為資產和負債確認但按照稅法規定可以確定其計稅基礎的項目的賬面價值與計稅基礎之間的差額產生的暫時性差異，採用資產負債表債務法計提遞延所得稅。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Income tax (Continued)

A deferred tax liability is recognized for all taxable temporary differences, except:

- (1) where the taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction which contains both of the following characteristics: (i) the transaction is not a business combination; and (ii) at the time of the transaction, it affects neither accounting profit nor taxable profit or deductible loss.
- (2) in respect of taxable temporary differences associated with investments in subsidiaries, jointly-controlled enterprises and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

A deferred tax asset is recognized for deductible temporary differences, carryforward of deductible tax losses from prior years and tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and deductible tax losses and tax credits can be utilized, except:

- (1) where the deductible temporary differences arises from a transaction that is not a business combination and, at the time of the transaction, neither the accounting profit nor taxable profit or deductible loss is affected.
- (2) in respect of the deductible temporary differences associated with investments in subsidiaries, associates and jointly-controlled enterprises, a deferred tax asset is only recognized to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the deductible temporary differences can be utilized in the future.

三、重要會計政策及會計估計(續)

26. 所得稅(續)

各種應納稅暫時性差異均據以確認遞延所得稅負債，除非：

- (1) 應納稅暫時性差異是在以下交易中產生的：商譽的初始確認，或者具有以下特徵的交易中產生的資產或負債的初始確認：該交易不是企業合併，並且交易發生時既不影響會計利潤也不影響應納稅所額或可抵扣虧損。
- (2) 對於與子公司、合營企業及聯營企業投資相關的應納稅暫時性差異，該暫時性差異轉回的時間能夠控制並且該暫時性差異在可預見的未來很可能不會轉回。

對於可抵扣暫時性差異、能夠結轉以後年度的可抵扣虧損和稅款抵減，本集團以很可能取得用來抵扣可抵扣暫時性差異、可抵扣虧損和稅款抵減的未來應納稅所得額為限，確認由此產生的遞延所得稅資產，除非：

- (1) 可抵扣暫時性差異是在以下交易中產生的：該交易不是企業合併，並且交易發生時既不影響會計利潤也不影響應納稅所得額或可抵扣虧損。
- (2) 對於與子公司、合營企業及聯營企業投資相關的可抵扣暫時性差異，同時滿足下列條件的，確認相應的遞延所得稅資產：暫時性差異在可預見的未來很可能轉回，且未來很可能獲得用來抵扣可抵扣暫時性差異的應納稅所得額。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Income tax (Continued)

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the balance sheet date and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities presented on a net basis are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities on a net basis and the deferred taxes relate to the same taxable entity and the same taxation authority.

27. Leases

A finance lease is a lease that transfers in substance all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

In the Case of the Lessee of an Operating Lease

Lease payments under an operating lease are recognized by a lessee on a straight-line basis over the lease term, and either included in the cost of the related asset or charged to profit or loss for the current period. Contingent rents are charged to profit or loss in the period in which they actually arise.

三、重要會計政策及會計估計(續)

26. 所得稅(續)

本集團於資產負債表日，對於遞延所得稅資產和遞延所得稅負債，依據稅法規定，按照預期收回該資產或清償該負債期間的適用稅率計量，並反映資產負債表日預期收回資產或清償負債方式的所得稅影響。

於資產負債表日，本集團對遞延所得稅資產的賬面價值進行覆核，如果未來期間很可能無法獲得足夠的應納稅所得額用以抵扣遞延所得稅資產的利益，減記遞延所得稅資產的賬面價值。於資產負債表日，本集團重新評估未確認的遞延所得稅資產，在很可能獲得足夠的應納稅所得額可供所有或部分遞延所得稅資產轉回的限度內，確認遞延所得稅資產。

如果擁有以淨額結算當期所得稅資產及當期所得稅負債的法定權利，且遞延所得稅與同一應納稅主體和同一稅收征管部門相關，則將遞延所得稅資產和遞延所得稅負債以抵銷後的淨額列示。

27. 租賃

實質上轉移了與資產所有權有關的全部風險和報酬的租賃為融資租賃，除此之外的均為經營租賃。

作為經營租賃承租人

經營租賃的租金支出，在租賃期內各個期間按照直線法計入相關的資產成本或當期損益，或有租金在實際發生時計入當期損益。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Leases (Continued)

In the Case of the Lessor of an Operating Lease

Rent income under an operating lease is recognized by a lessor on a straight-line basis over the lease term, through profit or loss for the current period. Contingent rents are charged to profit or loss in the period in which they actually arise.

In the Case of the Lessee of a Finance Lease

At the commencement of lease term, for an asset leased in under finance lease, the difference between the book value of the leased-in asset, which is determined as the lower of the fair value of such leased asset as at the commencement of lease term and the present value of minimum lease payments, and the book value of long-term payables, which is determined as the minimum lease payments, is treated as unrecognized finance costs which is apportioned to the leasing period using effective interest rate method. Contingent rents are charged to profit or loss in the period in which they actually arise.

In the Case of the Lessor of a Finance Lease

At the commencement of lease term, for an asset leased out under finance lease, the book value of finance lease receivable is measured at the sum of minimum lease receipts and initial direct costs, whilst risk exposure shall be recorded simultaneously; and unrealized finance income shall be measured at the difference between the sum of minimum lease receipt, initial direct costs and risk exposure, and its present value. These are recognized using effective interest rate method during the leasing period. Contingent rents are charged to profit or loss in the period in which they actually arise.

28. Hedge accounting

For the purpose of hedge accounting, the Group adopts cash flow hedging against interest rate risks and exchange rate risks.

Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.

三、重要會計政策及會計估計(續)

27. 租賃(續)

作為經營租賃出租人

經營租賃的租金收入在租賃期內各個期間按直線法確認為當期損益，或有租金在實際發生時計入當期損益。

作為融資租賃承租人

融資租入的資產，於租賃期開始日將租賃開始日租賃資產的公允價值與最低租賃付款額現值兩者中較低者作為租入資產的入賬價值，將最低租賃付款額作為長期應付款的入賬價值，其差額作為未確認融資費用，在租賃期內各個期間採用實際利率法進行分攤。或有租金在實際發生時計入當期損益。

作為融資租賃出租人

融資租出的資產，於租賃期開始日將租賃開始日最低租賃收款額與初始直接費用之和作為應收融資租賃款的入賬價值，同時記錄未擔保餘值；將最低租賃收款額、初始直接費用及未擔保餘值之和與其現值之和的差額作為未實現融資收益，在租賃期內各個期間採用實際利率法進行確認。或有租金在實際發生時計入當期損益。

28. 套期會計

就套期會計方法而言，本集團對利率風險和匯率風險進行現金流量套期。

現金流量套期，是指對現金流量變動風險進行的套期，此現金流量變動源於與已確認資產或負債、很可能發生的預期交易有關的某類特定風險，或一項未確認的確定承諾包含的匯率風險。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Hedge accounting (Continued)

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised immediately in profit or loss.

Amounts recognized in other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs. If the hedged item is the cost of a non-financial assets or non-financial liability, the amount that would otherwise be recognized in other comprehensive income is transferred out in the same period as the profit or loss of that non-financial assets or non-financial liability, and recognized in profit or loss in current period.

If the hedging instrument expires or is sold, terminated or exercised (with the expiry of rollover of the hedging strategic component or unfulfilled replacement or the termination of processing of the contract), if its designation as a hedge is revoked, or if the hedge no longer fulfills the accounting requirement of a hedge, the amounts previously taken to other comprehensive income remain in other comprehensive income until the forecast transaction or firm commitment occurs or is fulfilled in actual terms.

三、重要會計政策及會計估計(續)

28. 套期會計(續)

在套期關係開始時，本集團對套期關係有正式指定，並準備了關於套期關係、風險管理目標和套期策略的正式書面文件。該文件載明瞭套期工具、被套期項目或交易，被套期風險的性質，以及本集團對套期工具有效性評價方法。套期有效性，是指套期工具的公允價值或現金流量變動能夠抵銷被套期風險引起的被套期項目公允價值或現金流量的程度。此類套期預期高度有效，並被持續評價以確保此類套期在套期關係被指定的會計期間內高度有效。

滿足套期會計方法的嚴格條件的，按如下方法進行處理：

現金流量套期

套期工具利得或損失中屬於有效套期的部分，直接確認為其他綜合收益，屬於無效套期的部分，計入當期損益。

如果被套期交易影響當期損益的，如當被套期財務收入或財務費用被確認或預期銷售發生時，則在其他綜合收益中確認的金額轉入當期損益。如果被套期項目是一項非金融資產或非金融負債的成本，則原在其他綜合收益中確認的金額，在該非金融資產或非金融負債影響損益的相同期間轉出，計入當期損益。

如果套期工具已到期、被出售、合同終止或已行使(但作為套期策略組成部分的展期或替換不作為已到期或合同終止處理)，或者撤銷了對套期關係的指定，或者該套期不再滿足套期會計方法的條件，則以前計入其他綜合收益的金額不轉出，直至預期交易實際發生或確定承諾履行。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Repurchase of shares

Consideration and transaction costs paid for the repurchase of the Company's own equity instruments are charged against shareholders' equity. Other than share-based payments, issuance (including refinancing), repurchase, sale or cancellation of its own equity instruments is treated as change in equity.

30. Profit appropriation

Interim and final cash dividends are recognized as liabilities upon approval by shareholders in general meeting.

31. Safety funds

Safety funds provided for as required were included in cost of product or the current profit and loss, and credited in special reserve. And the funds are treated separately depending on whether fixed assets are resulted when being used: funds related to expenditure is offset against special reserve directly while those forming fixed assets will consolidate expenditure incurred and recognized as fixed assets when such assets are ready for their intended use, at the same time offsetting equivalent amounts in the special reserve and recognizing equivalent amounts of accumulated depreciation.

32. Fair value measurement

The Group measures its derivative financial instruments and listed equity investments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

三、重要會計政策及會計估計(續)

29. 回購股份

回購自身權益工具支付的對價和交易費用，減少股東權益。除股份支付之外，發行(含再融資)、回購、出售或註銷自身權益工具，作為權益的變動處理。

30. 利潤分配

本公司的中期及年度現金股利，於股東大會批准後確認為負債。

31. 安全生產費

按照規定提取的安全生產費，計入相關產品的成本或當期損益，同時計入專項儲備；使用時區分是否形成固定資產分別進行處理：屬於費用性支出的，直接沖減專項儲備；形成固定資產的，歸集所發生的支出，於達到預定可使用狀態時確認固定資產，同時沖減等值專項儲備並確認等值累計折舊。

32. 公允價值計量

本集團於每個資產負債表日以公允價值計量衍生金融工具和上市的權益工具投資。公允價值，是指市場參與者在計量日發生的有序交易中，出售一項資產所能收到或者轉移一項負債所需支付的價格。本集團以公允價值計量相關資產或負債，假定出售資產或者轉移負債的有序交易在相關資產或負債的主要市場進行；不存在主要市場的，本集團假定該交易在相關資產或負債的最有利市場進行。主要市場(或最有利市場)是本集團在計量日能夠進入的交易市場。本集團採用市場參與者在對該資產或負債定價時為實現其經濟利益最大化所使用的假設。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Fair value measurement (Continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs only under the circumstances where such relevant observable inputs cannot be obtained or practicably obtained.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2 – based on inputs other than inputs within Level 1 that are observable for the asset or liability, either directly or indirectly; Level 3 – based on input for the asset or liability that is not based on observable market data.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group re-assess them at each balance sheet date to determine whether transfers have occurred between levels in the hierarchy.

三、重要會計政策及會計估計(續)

32. 公允價值計量(續)

以公允價值計量非金融資產的，考慮市場參與者將該資產用於最佳用途產生經濟利益的能力，或者將該資產出售給能夠用於最佳用途的其他市場參與者產生經濟利益的能力。

本集團採用在當前情況下適用並且有足夠可利用數據和其他信息支持的估值技術，優先使用相關可觀察輸入值，只有在可觀察輸入值無法取得或取得不切實可行的情況下，才使用不可觀察輸入值。

在財務報表中以公允價值計量或披露的資產和負債，根據對公允價值計量整體而言具有重要意義的最低層次輸入值，確定所屬的公允價值層次：第一層次輸入值，在計量日能夠取得的相同資產或負債在活躍市場上未經調整的報價；第二層次輸入值，除第一層次輸入值外相關資產或負債直接或間接可觀察的輸入值；第三層次輸入值，相關資產或負債的不可觀察輸入值。

每個資產負債表日，本集團對在財務報表中確認的持續以公允價值計量的資產和負債進行重新評估，以確定是否在公允價值計量層次之間發生轉換。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Segment reporting

The Group identifies operating segments based on the internal organization structure, managerial requirements and internal reporting system, identifies reportable segments based on operating segments and discloses segment information by operating segment.

An operating segment is a component of the Group that meets all the following conditions:

- (1) it engages in business activities from which it may earn revenues and incur expenses;
- (2) its operating results are regularly reviewed by the Company's management to make decisions about resources to be allocated to the segment and assess its performance;
- (3) the Group is able to obtain relevant accounting information such as its financial position, operating results and cash flows of such segment.

If two or more segments have similar economic characteristics and meet certain conditions, then they can be aggregated into a single operating segment.

34. Significant accounting judgments and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that will affect the reported amounts and disclosure of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. However, uncertainty about these estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments which have significant effect on the amounts recognized in the financial statements.

三、重要會計政策及會計估計(續)

33. 分部報告

本集團以內部組織結構、管理要求、內部報告制度為依據確定經營分部，以經營分部為基礎確定報告分部並披露分部信息。

經營分部是指本集團內同時滿足下列條件的組成部分：

- (1) 該組成部分能夠在日常活動中產生收入、發生費用；
- (2) 本公司管理層能夠定期評價該組成部分的經營成果，以決定向其配置資源、評價其業績；
- (3) 本集團能夠取得該組成部分的財務狀況、經營成果和現金流量等有關會計信息。

兩個或多個經營分部具有相似的經濟特徵，並且滿足一定條件的，則可合併為一個經營分部。

34. 重大會計判斷和估計

編製財務報表要求管理層作出判斷、估計和假設，這些判斷、估計和假設會影響收入、費用、資產和負債的列報金額及其披露，以及資產負債表日或有負債的披露。然而，這些假設和估計的不確定性所導致的結果可能造成對未來受影響的資產或負債的賬面金額進行重大調整。

判斷

在應用本集團的會計政策的過程中，管理層作出了以下對財務報表所確認的金額具有重大影響的判斷。

III. SIGNIFICANT ACCOUNTING POLICIES
AND ACCOUNTING ESTIMATES
(CONTINUED)

34. Significant accounting judgments and estimates
(Continued)

Judgments (Continued)

Confirmation of Functional Currency

Since the Company owns a number of overseas subsidiaries, associates and branch organizations, when recognizing its functional currency, multiple factors are taken into consideration to recognize the major economic environment of their operating locations. Under circumstances with multiple factors and no obvious functional currency, the Group uses judgment to confirm its functional currency. Such judgment is the best to reflect economic influence of the underlying transactions, events and environment. In 2015, the functional currencies of some subsidiaries changed because of changes in the major economic environment relating to the respective functional currencies.

Finance lease – in the case of the lessor

Leases where all risks and rewards relating to the ownership of the assets are substantially transferred are referred to as finance leases. The Group does not retain all substantial risks and rewards of the ownership of these leased assets, and thus they are regarded as finance leases.

Operating lease – in the case of the lessor

The Group has entered into leasing contracts for its investment properties, certain intangible assets and certain fixed assets. The Group is of the opinion that, according to the terms of such leasing contracts, the Group has retained all material risks and returns of ownership of these investment properties, intangible assets and fixed assets and therefore they are accounted for as operating lease.

Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are discussed below.

三、重要會計政策及會計估計(續)

34. 重大會計判斷和估計(續)

判斷(續)

記賬本位幣的確定

本公司在境外擁有多家子公司、聯營企業及分支機構，在確定其記賬本位幣時，考慮多個因素確定其經營所處的主要經濟環境。在多個因素混合在一起，記賬本位幣不明顯的情況下，本集團運用判斷以確定其記賬本位幣，該判斷最能反映基礎交易、事項和環境的經濟影響；2015年，某些子公司因為與記賬本位幣相關的主要經濟環境發生變化，記賬本位幣發生變更。

融資租賃—作為出租人

實質上轉移了與資產所有權有關的全部風險和報酬的租賃為融資租賃。本集團未保留這些租賃資產所有權上的所有重大風險和報酬，因此作為融資租賃處理。

經營租賃—作為出租人

本集團就投資性房地產、部分無形資產和部分固定資產簽訂了租賃合同。本集團認為，根據租賃合同的條款，本集團保留了這些投資性房地產、無形資產和固定資產所有權上的所有重大風險和報酬，因此作為經營租賃處理。

估計的不確定性

以下為於資產負債表日有關未來的關鍵假設以及估計不確定性的其他關鍵來源，可能會導致未來會計期間資產和負債賬面金額重大調整。

III. SIGNIFICANT ACCOUNTING POLICIES
AND ACCOUNTING ESTIMATES
(CONTINUED)

34. Significant accounting judgments and estimates
(Continued)

Estimation Uncertainty (Continued)

Impairment of goodwill and trademarks

The Group determines whether goodwill and trademarks with indefinite useful life are impaired at least on an annual basis. This requires an estimation of the value in use of the asset group to which goodwill and trademarks are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the asset group and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Defined benefit plans

The management of the Group recognizes defined benefit plans liabilities based on calculating model of the present value of the defined benefit liabilities less fair value of the planned assets. The present value of defined benefit liabilities comprises of various assumptions, including term of benefits and discount rate. Inconsistency between the future events and such assumptions may subject the defined benefit plans liabilities on the balance sheet date to material adjustment.

Fair value

Fair value of derivatives as at the balance sheet date is calculated by the management of the Group based on models. Such calculation is on the basis of some assumptions. Carrying value of derivatives may differ significantly if future events deviate from such assumptions.

Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale financial assets and directly recognizes movements of their fair values in other comprehensive income. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment loss that shall be recognized in the income statement.

三、重要會計政策及會計估計(續)

34. 重大會計判斷和估計(續)

估計的不確定性(續)

商譽及商標減值

本集團至少每年測試商譽和使用壽命不確定的商標是否發生減值。進行測定時必須估算獲分配相關商譽及商標之資產組的使用價值。使用價值之估算需要本集團估算預期資產組所產生之未來現金流量及選擇合適折現率以計算該等現金流量之現值。

設定受益計劃

本集團的管理層依據模型計算的設定受益義務的現值減計劃資產的公允價值確定設定受益計劃淨負債。設定受益義務的現值計算包含多項假設，包括受益期限及折現率。倘若未來事項與該等假設不符，可能導致對於資產負債表日設定受益計劃淨負債的重大調整。

公允價值

本集團管理層依據模型計算衍生工具於資產負債表日的公允價值，該計算包含多項假設，倘未來事項與該假設不符，可能導致衍生工具賬面價值的重大調整。

可供出售金融資產減值

本集團將某些資產歸類為可供出售金融資產，並將其公允價值的變動直接計入其他綜合收益。當公允價值下降時，管理層就價值下降作出假設以確定是否存在需在利潤表中確認其減值損失。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

34. Significant accounting judgments and estimates (Continued)

Estimation Uncertainty (Continued)

Impairment of non-current assets other than financial assets (other than goodwill and trademark with uncertain lifetime)

The Group assesses whether there are any indication of impairment for all non-current assets other than financial assets at the balance sheet date. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such indication exists. Other non-current assets other than financial assets are tested for impairment when there are indication that the carrying amounts may not be recoverable. Where the carrying amount of an asset or asset group is higher than its recoverable amount (i.e. the higher of the net of its fair value less costs to sell and the present value of the future cash flows expected to be derived from it), it is indicated that such asset or asset group is impaired. The net of the fair value less costs to sell is determined with reference to the price in sales agreement or observable market price of similar assets in arm's length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the asset or asset group. When calculating the present value of expected future cash flows from an asset or asset group, the management shall estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those future cash flows.

Deferred tax assets

Deferred tax assets are recognized for all unused deductible temporary differences and deductible losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and deductible losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profit together with future tax planning strategies.

三、重要會計政策及會計估計(續)

34. 重大會計判斷和估計(續)

估計的不確定性(續)

除金融資產之外的非流動資產減值 (除商譽和使用壽命不確定的商標外)

本集團於資產負債表日對除金融資產之外的非流動資產判斷是否存在可能發生減值的跡象。對使用壽命不確定的無形資產，除每年進行的減值測試外，當其存在減值跡象時，也進行減值測試。其他除金融資產之外的非流動資產，當存在跡象表明其賬面金額不可收回時，進行減值測試。當資產或資產組的賬面價值高於可收回金額，即公允價值減去處置費用後的淨額和預計未來現金流量的現值中的較高者，表明發生了減值。公允價值減去處置費用後的淨額，參考公平交易中類似資產的銷售協議價格或可觀察到的市場價格，減去可直接歸屬於該資產處置的增量成本確定。預計未來現金流量現值時，管理層必須估計該項資產或資產組的預計未來現金流量，並選擇恰當的折現率確定未來現金流量的現值。

遞延所得稅資產

在很可能有足夠的應納稅所得額用以抵扣可抵扣暫時性差異和可抵扣虧損的限度內，應就所有尚未利用的可抵扣暫時性差異和可抵扣虧損確認遞延所得稅資產。這需要管理層運用大量的判斷來估計未來取得應納稅所得額的時間和金額，結合納稅籌劃策略，以決定應確認的遞延所得稅資產的金額。

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

34. Significant accounting judgments and estimates (Continued)

Estimation Uncertainty (Continued)

Net realizable values of inventories

The net realizable values of inventories are based on the saleability of the evaluated inventory and their net realizable values. The management's judgments and estimates are required for determining inventory impairment on the basis of clear evidence, purpose of holding the inventories, effect of subsequent events and other factors. The difference between the actual outcome and original estimate will affect the carrying amount of inventories and provision and reversal of decline in value of inventories during the estimated revision period.

Impairment of receivable

Impairment of receivable is based on the recoverability of assessed receivable. The management's judgments and estimates are required for determining impairment of receivable. The difference between the actual outcome and original estimate will affect the carrying amount of receivable and provision and reversal of bad debts of receivable during the estimated revision period.

Recognition of provision

The Group uses contract terms, existing knowledge and historical experience, to estimate and recognize the provision for product quality assurance. On condition that such contingent matters have formed a present obligation and the discharge of which is probable to give rise to an outflow of the Group's economic benefits, the Group recognizes the best estimate.

Estimated useful lives of fixed assets

The Group reviews the estimated useful lives of fixed assets at least once at the end of the year. Estimated useful lives are determined by the management based on historical experience of similar assets and expected technological advancement. Corresponding adjustment to depreciation expenses for future periods will be made in case of substantial changes in previous estimates.

三、重要會計政策及會計估計(續)

34. 重大會計判斷和估計(續)

估計的不確定性(續)

存貨可變現淨值

存貨可變現淨值是基於評估存貨的可售性及其可變現淨值。鑒定存貨減值要求管理層在取得確鑿證據，並且考慮持有存貨的目的、資產負債表日後事項的影響等因素的基礎上作出判斷和估計。實際的結果與原先估計的差異將在估計被改變的期間影響存貨的賬面價值及存貨跌價準備的計提或轉回。

應收款項減值

應收款項減值是基於評估應收款項的可收回性。鑒定應收款項減值要求管理層的判斷和估計。實際的結果與原先估計的差異將在估計被改變的期間影響應收款項的賬面價值及應收款項壞賬準備的計提或轉回。

預計負債的確認

本集團根據合約條款、現有知識及歷史經驗，對產品質量保證估計並計提相應準備；在該等或有事項已經形成一項現實義務，且履行該等現實義務很可能導致經濟利益流出本集團的情況下，以最佳估計數進行計量。

固定資產的預計可使用年限

本集團至少於每年年度終了，對固定資產的預計使用壽命進行覆核。預計使用壽命是管理層基於對同類資產歷史經驗並結合預期技術更新而確定的。當以往的估計發生重大變化時，則相應調整未來期間的折舊費用。

IV. TAXATION

1. Major categories of taxes and respective tax rates

Value-added tax (VAT)
增值稅

- For the Group's PRC subsidiaries, output VAT is calculated by applying 17% to the taxable income for normal taxpayers, but the Group may pay it after deducting deductible input VAT for the current period.
本集團境內子公司一般納稅人按應稅收入的17%計算銷項稅，並按扣除當期允許抵扣的進項稅額後的差額計繳增值稅。

- The basis of computation and applicable rate of VAT primarily applicable to major overseas subsidiaries of the Group are set out below:
本集團境外子公司主要適用的增值稅計稅依據及適用稅率列示如下：

Basis of computation 計稅依據	Applicable country 適用國家	Tax rate 稅率
Amount of taxable added-value 應納稅增值額	Germany 德國	19%

Value-added tax rates applicable in other countries follow the tax laws and regulations in force in the respective countries.
其他國家增值稅稅率遵循當地稅務法律法規確定。

Business tax
營業稅

- It is calculated by applying 5% to the taxable income.
按應稅收入的5%計繳營業稅。

City maintenance and construction tax
城市維護建設稅

- It is levied at 7% or 5% on the actual turnover taxes paid.
按實際繳納的流轉稅的7%或5%計繳。

Education surcharge
教育費附加

- It is levied at 3% on the actual turnover taxes paid.
按實際繳納的流轉稅的3%計繳。

Corporate income tax
企業所得稅

- It is levied at 15% or 25% on the taxable profit, except that for oversea subsidiaries, it is levied at the statutory tax rate of the countries or regions in which the subsidiaries operate.

除海外子公司按其所在國家、地區的法定稅率計繳外，企業所得稅按應納稅所得額的15%或25%計繳。

- The basis of computation and applicable rate of corporate income tax primarily applicable to major overseas subsidiaries of the Group are set out below:

本集團境外主要子公司主要適用的企業所得稅計稅依據及適用稅率列示如下：

Basis of computation 計稅依據	Applicable country 適用國家	2015 2015年度
Amount of taxable income 應納稅所得額	Germany 德國	30.75%

Income tax rates applicable in other countries follow the tax laws and regulations in force in the respective countries.

其他國家所得稅稅率遵循當地稅務法律法規確定。

四、稅項

1. 主要稅種及稅率

IV. TAXATION (CONTINUED)

2. Tax benefits

Value-added tax

In accordance with the Notice Concerning Exemption from Value-added Tax and Consumption Tax applicable to Special-purpose Military Vehicles (《關於軍用特種車輛免徵增值稅和消費稅的通知》) issued by MOF and State Administration of Taxation, the sale of special-purpose military vehicles to army and armed police by Shaanxi Heavy-duty Motor Co., Ltd., a subsidiary of the Company, is exempted from value-added tax.

Preferential corporate income tax for the Company

The Company was recognized as a high-tech enterprise on 27 November 2008. The Company continued recognized as a high-tech enterprise in 2014 and is therefore entitled to enjoy a preferential income tax rate of 15% from 1 January 2014 to 31 December 2016.

Preferential corporate income tax for the domestic subsidiaries of the Company

Weichai Power (Weifang) Reconstruction Co., Ltd. was recognized as a high-tech enterprise and is therefore entitled to enjoy a preferential income tax rate of 15% from 1 January 2013 to 31 December 2015.

Shaanxi Hande Axle Co., Ltd. and Zhuzhou Torch Sparkplugs Co., Ltd. were recognized as high-tech enterprises and are therefore entitled to enjoy a preferential income tax rate of 15% from 1 January 2015 to 31 December 2017.

Shaanxi Automobile Huainan Special Vehicles Co., Ltd. was recognized as a high-tech enterprise and is therefore entitled to enjoy a preferential income tax rate of 15% from 1 January 2014 to 31 December 2016.

Shaanxi Automobile Xinjiang Vehicle Co., Ltd. was recognized as a high-tech enterprise and is therefore entitled to enjoy a preferential income tax rate of 15% from 1 January 2013 to 31 December 2015.

四、稅項(續)

2. 稅收優惠

增值稅

本公司之子公司陝西重型汽車有限公司根據財政部、國家稅務總局《關於軍用特種車輛免徵增值稅和消費稅的通知》銷售給軍隊、武警部隊使用的軍用特種車輛免徵增值稅。

本公司企業所得稅優惠

本公司於2008年11月27日被認定為高新技術企業，2014年公司繼續通過高新技術企業認定，自2014年1月1日至2016年12月31日享受15%的所得稅優惠稅率。

本公司境內子公司企業所得稅優惠

濰柴動力(濰坊)再製造有限公司已通過高新技術企業認定，自2013年1月1日至2015年12月31日享受15%所得稅優惠稅率。

陝西漢德車橋有限公司和株洲湘火炬火花塞有限責任公司已通過高新技術企業認定，自2015年1月1日至2017年12月31日享受15%所得稅優惠稅率。

陝汽淮南專用汽車有限公司已通過高新技術企業認定，自2014年1月1日至2016年12月31日享受15%所得稅優惠稅率。

陝汽新疆汽車有限公司通過高新技術企業認定，自2013年1月1日至2015年12月31日享受15%所得稅優惠稅率。

IV. TAXATION (CONTINUED)

2. Tax benefits (Continued)

Preferential corporate income tax for the domestic subsidiaries of the Company (Continued)

Shaanxi Heavy-duty Motor Co., Ltd., Shaanxi Fast Gear Co., Ltd., Baoji Fast Gear Co., Ltd., Zhuzhou Gear Co., Ltd. (株洲齒輪有限責任公司), Shaanxi Automobile Huainan New-Energy Special Purpose Vehicles Co., Ltd., Zhuzhou Euro Grace Gear Automotive Transmission Co., Ltd. (株洲歐格瑞傳動股份有限公司), Weichai Power Yangzhou Diesel Engine Co., Ltd. (濰柴動力揚州柴油機有限責任公司) and Shanghai He Da Auto Accessory Co., Ltd. (上海和達汽車配件有限公司), was recognized as a high-tech enterprise and are therefore entitled to enjoy a preferential income tax rate of 15% from 1 January 2014 to 31 December 2016.

Pursuant to the requirement of Cai Shui [2015] No. 34, Shaanxi Fast Automotive Components Import and Export Company Limited meets the criteria of a low-margin small-scale industrial enterprise and is subject to corporate income tax at the reduced rate of 20% based on its taxable income which is taken as 50% of its income (equivalent to a 10% tax rate for corporate income tax).

Pursuant to the requirement of the Notice Concerning Issues on Taxation Policies Relating to the Thorough Implementation of China's Strategy of Western Development (Cai Shui Fa No. [2011] 58) (《關於深入實施西部大開發戰略有關稅收政策問題的通知》) promulgated by MOF, the State Administration of Taxation and the General Administration of Customs dated 27 July 2011, as well as the approval of relevant authorities, the following companies have implemented preferential tax policy of 15% for the Western Development:

- Shaanxi Heavy-duty Motor Co., Ltd., Shaanxi Hande Axle Co., Ltd. Xi'an Fast Auto Drive Co., Ltd. and Shaanxi Fast Gear Co., Ltd. have received the approval of Shaan Fa Gai Industrial Confirmation Letter (《陝發改產業確認函》) No. (2015) 205 on 8 April 2015 and the companies have passed the examination of 2014 Taxation Filing, and they are expected to be entitled again to enjoy a preferential policy for the Western Development in 2015;

四、稅項(續)

2. 稅收優惠(續)

本公司境內子公司企業所得稅優惠(續)

陝西重型汽車有限公司、陝西法士特齒輪有限責任公司、寶雞法士特齒輪有限責任公司、株洲齒輪有限責任公司、陝汽淮南新能源專用汽車有限公司、株洲歐格瑞傳動股份有限公司、濰柴動力揚州柴油機有限責任公司及上海和達汽車配件有限公司已通過高新技術企業認定，自2014年1月1日至2016年12月31日享受15%的所得稅優惠稅率。

根據財稅[2015]34號的規定，陝西法士特汽車零部件進出口有限公司符合工業企業小型微利企業的認定標準，其所得減按50%計入應納稅所得額，按20%的稅率繳納企業所得稅(相當於減按10%的稅率繳納企業所得稅)。

根據財政部、國家稅務總局、海關總署2011年7月27日財稅發[2011]58號文《關於深入實施西部大開發戰略有關稅收政策問題的通知》的規定以及相關部門的批覆，下列公司享受西部大開發15%的稅收優惠政策：

- 陝西重型汽車有限公司、陝西漢德車橋有限公司、西安法士特傳動有限責任公司和陝西法士特齒輪有限責任公司，於2015年4月8日獲得《陝發改產業確認函(2015) 205》的批覆，企業已經通過2014年的稅務備案審核，預計2015年也將獲得享受西部大開發優惠政策的資格；

IV. TAXATION (CONTINUED)

2. Tax benefits (Continued)

Preferential corporate income tax for the domestic subsidiaries of the Company (Continued)

- Shaanxi Jinding Casting Co., Ltd. has received the approval of Qi Guo Shui Suo De Jian Mian Zi (岐國稅所得減免字) No. (2015) 027 on 12 May 2015 and the company has passed the examination of 2014 Taxation Filing, and it is expected to be entitled again to enjoy a preferential policy for the Western Development in 2015;
- Baoji Fast Gear Co., Ltd. has received the approval of Bao Shi Gong Xin Fa (寶市工信發) No. (2015) 60 on 31 March 2015 and the company has passed the examination of 2014 Taxation Filing, and it is expected to be entitled again to enjoy a preferential policy for the Western Development in 2015;
- Weichai (Chongqing) Automotive Co., Ltd. (濰柴(重慶)汽車有限公司) has received the tax deduction and exemption notice of Jiang Jin Guo Shui Shui Tong (江津國稅稅通) No. (2015) 28823 on 27 May 2015, and the company has passed the examination of 2014 Taxation Filing, and it is expected to be entitled again to enjoy a preferential policy for the Western Development in 2015.

四、稅項(續)

2. 稅收優惠(續)

本公司境內子公司企業所得稅優惠(續)

- 陝西金鼎鑄造有限公司，於2015年5月12日獲得《岐國稅所得減免字(2015) 027號》的批覆，企業已經通過2014年的稅務備案審核，預計2015年也將獲得享受西部大開發優惠政策的資格；
- 寶雞法士特齒輪有限責任公司，於2015年3月31日獲得《寶市工信發(2015) 60號》批覆，企業已經通過2014年的稅務備案審核，預計2015年也將獲得享受西部大開發優惠政策的資格；
- 濰柴(重慶)汽車有限公司於2015年5月27日獲得了《江津國稅稅通(2015) 28823號》減、免稅通知書，企業已經通過2014年的稅務備案審核，預計2015年也將獲得享受西部大開發優惠政策的資格。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and cash equivalents

		2015 2015年	2014 2014年
Cash at bank	庫存現金	4,973,160.10	20,163,793.01
Bank deposits	銀行存款	20,293,084,804.26	19,945,849,452.87
Other cash and cash equivalents	其他貨幣資金	4,303,287,995.16	4,468,400,969.01
		24,601,345,959.52	24,434,414,214.89

As at 31 December 2015, the other cash and cash equivalents of the Group amounted to RMB3,587,079,954.03 (31 December 2014: RMB3,959,796,096.47), all of which are used in letter of guarantee and security monies for special accounts such as bank acceptance bills and letter of credit.

As at 31 December 2015, the Group held cash and cash equivalents of RMB1,455,545,954.37 (31 December 2014: RMB1,149,426,627.63), which were deposited overseas.

Interest income earned on bank current deposits is calculated by using current deposit interest rate of the bank. The deposit periods for time deposits vary from three months to one year depending on the cash requirements of the Group, and earn interest income at respective deposit interest rates of the bank.

2. Financial assets at fair value through profit or loss

		2015 2015年	2014 2014年
Derivative financial instruments	衍生金融工具		
Forward contracts	遠期合同	37,867,082.40	66,996,021.60

五、合併財務報表主要項目註釋

1. 貨幣資金

於2015年12月31日，本集團其他貨幣資金中包含人民幣3,587,079,954.03元(2014年12月31日：人民幣3,959,796,096.47元)用於保函以及辦理銀行承兌票據、信用證等專戶而儲存的保證金。

於2015年12月31日，本集團存放於境外的貨幣資金折合人民幣為1,455,545,954.37元(2014年12月31日：折合人民幣為1,149,426,627.63元)。

銀行活期存款按照銀行活期存款利率取得利息收入。定期存款的存款期自3個月至1年不等，依本集團的現金需求而定，並按照相應的銀行存款利率取得利息收入。

2. 以公允價值計量且其變動計入當期損益的金融資產

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Notes receivable

五、合併財務報表主要項目註釋(續)

3. 應收票據

		2015 2015年	2014 2014年
Bank acceptance bills	銀行承兌匯票	8,889,644,101.91	13,755,776,821.57
Commercial acceptance bills	商業承兌匯票	38,295,000.00	25,103,554.95
		8,927,939,101.91	13,780,880,376.52

Notes receivable that were pledged are presented as follows:

其中，已質押的應收票據如下：

		2015 2015年	2014 2014年
Bank acceptance bills	銀行承兌匯票	2,511,424,512.27	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:

已背書但在資產負債表日尚未到期的應收票據如下：

		2015 2015年		2014 2014年	
		Derecognition 終止確認	No derecognition 未終止確認	Derecognition 終止確認	No derecognition 未終止確認
Bank acceptance bills	銀行承兌匯票	2,818,049,462.43	-	5,949,044,609.33	-
Commercial acceptance bills	商業承兌匯票	-	6,893,000.00	-	-
		2,818,049,462.43	6,893,000.00	5,949,044,609.33	-

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

已貼現但在資產負債表日尚未到期的應收票據如下：

		2015 2015年		2014 2014年	
		Derecognition 終止確認	No derecognition 未終止確認	Derecognition 終止確認	No derecognition 未終止確認
Bank acceptance bills	銀行承兌匯票	44,487,805.36	-	5,091,035.29	-

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

於2015年12月31日和2014年12月31日，本集團無因出票人無力履約而轉為應收賬款的票據。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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:

		2015 2015年	2014 2014年
Within 3 months	3個月以內	6,290,591,613.03	7,475,330,179.05
3 to 6 months	3個月至6個月	1,129,878,742.44	918,479,917.73
6 months to 1 year	6個月至1年	950,444,076.45	949,566,440.38
1 to 2 years	1年至2年	696,424,083.66	340,718,426.91
2 to 3 years	2年至3年	230,497,732.65	113,710,835.72
Over 3 years	3年以上	614,417,642.49	684,646,310.69
		9,912,253,890.72	10,482,452,110.48
Less: provision for bad debt in respect of accounts receivable	減：應收賬款壞賬準備	935,638,633.25	822,420,507.83
		8,976,615,257.47	9,660,031,602.65

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

		2015 2015年	2014 2014年
Opening balance	年初餘額	822,420,507.83	728,922,061.65
Provision for the year	本年計提	203,708,335.20	134,945,691.88
Reversed for the year	本年轉回	(50,608,404.25)	(40,482,285.79)
Written off for the year	本年轉銷	(21,585,116.22)	(1,360,790.35)
Decrease upon disposal of subsidiaries	本年處置子公司減少	(15,135,439.48)	-
Adjustment for exchange differences	匯兌差額調整	(3,161,249.83)	395,830.44
Closing balance	年末餘額	935,638,633.25	822,420,507.83

五、合併財務報表主要項目註釋(續)

4. 應收賬款

本集團與客戶間的貿易條款以信用交易為主，且一般要求新客戶預付款或採取貨到付款方式進行，信用期通常為1-6個月，主要客戶可以延長至6個月。應收賬款並不計息。

根據開票日期，應收賬款的賬齡分析如下：

應收賬款壞賬準備的變動如下：

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

4. Accounts receivable (Continued)

4. 應收賬款(續)

		2015 2015年			
		Gross carrying amount	Proportion	Provision for bad debt	Percentage
		賬面餘額	比例 (%)	壞賬準備	計提比例 (%)
Individually significant items for which provision for bad debt is recognized separately	單項金額重大並 單獨計提壞賬準備	560,344,327.43	5.65	348,742,189.60	62.24
Items for which provision for bad debt is recognized by group with distinctive credit risk characteristics	按信用風險特徵組合 計提壞賬準備	9,118,579,029.38	91.99	481,566,211.39	5.28
Not individually significant items for which provision for bad debt is recognized separately	單項金額不重大但 單獨計提壞賬準備	233,330,533.91	2.36	105,330,232.26	45.14
		9,912,253,890.72	100.00	935,638,633.25	
		2014 2014年			
		Gross carrying amount	Proportion	Provision for bad debt	Percentage
		賬面餘額	比例 (%)	壞賬準備	計提比例 (%)
Individually significant items for which provision for bad debt is recognized separately	單項金額重大並 單獨計提壞賬準備	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	按信用風險特徵組合 計提壞賬準備	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	單項金額不重大但 單獨計提壞賬準備	406,653,921.36	3.88	75,147,852.73	18.48
		10,482,452,110.48	100.00	822,420,507.83	

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

As at 31 December 2015, individually significant items for which provision for bad debt is recognized separately are presented as follows:

	Gross carrying amount 賬面餘額	Provision for bad debt 壞賬準備	Percentage 計提比例	Reasons 計提理由
Shanxi Tong Tai Automobile Sales Services Co., Ltd 山西通泰汽車銷售服務有限公司	56,927,140.00	51,234,426.00	90%	Long credit age 長賬齡
OOO SHANKSIRUS	50,219,167.38	12,554,791.85	25%	Long credit age 長賬齡
Guangzhou Jinqi Trading Company Limited 廣州市晉旗貿易有限公司	49,159,575.31	49,159,575.31	100%	Bad repayment ability 償債能力差
Shaanxi Rong Chang Yuan Trading Co., Ltd 陝西榮昌源貿易有限公司	43,173,316.66	38,855,984.99	90%	Not full coverage of preservation 查封未全覆蓋
Anhui Anyu Engineering Machinery Sales Co., Ltd 安徽安宇工程機械銷售有限公司	42,763,993.80	17,105,597.52	40%	Bad repayment ability 償債能力差
Hubei Aoma Special Automobile Co., Ltd. 湖北奧馬專用汽車有限公司	42,054,011.99	8,410,802.40	20%	Legal actions in progress 法律訴訟中
Dalian Shaanxi Automobile Sales Co., Ltd 大連陝汽車銷售有限公司	40,513,268.59	32,410,614.87	80%	Bad repayment ability 償債能力差
RITA VO CO., LTD (Vietnam) RITA VO CO., LTD (越南)	38,124,056.16	190,620.28	1%	No recourse by banks, account receivable transferred 銀行無追索權，買斷應收賬款
Hubei Space Shuanglong Special Purpose Vehicle Co., Ltd. 湖北航天雙龍專用汽車有限公司	35,611,768.86	24,928,238.20	70%	Company dissolved 公司已解散
Nanjing Lerong Trading Company Limited 南京樂融貿易有限公司	33,443,140.43	30,098,826.39	90%	Assets have been preserved 財產已查封
Others 其他	128,354,888.25	83,792,711.79	65%	Cessation of business, etc. 公司業務停止等
	560,344,327.43	348,742,189.60		

五、合併財務報表主要項目註釋(續)

4. 應收賬款(續)

於2015年12月31日，單項金額重大並單獨計提壞賬準備的應收賬款情況如下：

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

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

	Gross carrying amount 賬面餘額	Provision for bad debt 壞賬準備	Percentage 計提比例	Reasons 計提理由
FAMIHAO LIMITADA FAMIHAO LIMITADA	81,438,361.52	1,106,142.08	1%	Repayment from Sinasure and partially uncollectible 中信保賠付，僅部分不能收回
OOO SHANKSIRUS	61,907,184.06	1,118,175.20	2%	Partially uncollectible 部分不能收回
China Civil Engineering Construction Corporation 中國土木工程集團有限公司	61,195,995.97	36,717,597.58	60%	War in Libya 利比亞戰亂
Shanxi Tong Tai Automobile Sales Services Co., Ltd 山西通泰汽車銷售服務有限公司	56,927,140.00	51,234,426.00	90%	Long credit age 長賬齡
Guangzhou Jinqi Trading Company Limited 廣州市晉旗貿易有限公司	49,159,575.31	39,327,660.25	80%	Bad repayment ability 償債能力差
Shaanxi Rong Chang Yuan Trading Co., Ltd 陝西榮昌源貿易有限公司	43,173,316.66	34,538,653.33	80%	Not full coverage of preservation 查封未全覆蓋
Anhui Anyu Engineering Machinery Sales Co., Ltd 安徽安宇工程機械銷售有限公司	42,763,993.80	17,105,597.52	40%	Bad repayment ability 償債能力差
Dalian Shaanxi Automobile Sales Co., Ltd 大連陝汽汽車銷售有限公司	40,556,826.59	28,389,778.61	70%	Bad repayment ability 償債能力差
Nanjing Lerong Trading Company Limited 南京樂融貿易有限公司	33,443,140.43	26,754,512.34	80%	Assets have been preserved 財產已查封
Datong City Yi Fu Commercial and Trading Co., Ltd 大同市易富商貿有限責任公司	32,068,898.11	12,827,559.24	40%	Bad repayment ability 償債能力差
Others 其他	110,376,416.12	60,677,345.35	55%	Cessation of business etc. 公司業務停止等
	613,010,848.57	309,797,447.50		

五、合併財務報表主要項目註釋(續)

4. 應收賬款(續)

於2014年12月31日，單項金額重大並單獨計提壞賬準備的應收賬款情況如下：

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

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

		2015 2015年				2014 2014年			
		Gross carrying amount	Proportion	Provision for bad debt	Percentage	Gross carrying amount	Proportion	Provision for bad debt	Percentage
		賬面餘額	比例 (%)	壞賬準備	計提比例 (%)	賬面餘額	比例 (%)	壞賬準備	計提比例 (%)
Within 1 year	1年以內	3,546,476,131.73	82.11	162,932,787.49	4.59	4,600,211,695.68	92.20	230,199,578.80	5.00
1 to 2 years	1至2年	461,362,586.78	10.68	66,345,372.22	14.38	176,704,041.01	3.54	26,101,352.11	14.77
2 to 3 years	2至3年	141,481,172.05	3.28	42,454,296.62	30.01	27,421,657.60	0.55	8,254,005.73	30.10
3 to 4 years	3至4年	16,179,303.99	0.38	8,081,230.12	49.95	40,286,747.02	0.81	20,154,109.52	50.03
4 to 5 years	4至5年	24,292,305.44	0.56	19,433,844.35	80.00	25,543,732.35	0.51	20,399,749.75	79.86
Over 5 years	5年以上	129,282,060.59	2.99	129,282,060.59	100.00	119,348,934.09	2.39	119,348,934.09	100.00
		4,319,073,560.58	100.00	428,529,591.39	9.92	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:

採用逾期賬齡作為信用風險特徵計提壞賬準備的應收賬款情況如下：

		2015 2015年				2014 2014年			
		Gross carrying amount	Proportion	Provision for bad debt	Percentage	Gross carrying amount	Proportion	Provision for bad debt	Percentage
		賬面餘額	比例 (%)	壞賬準備	計提比例 (%)	賬面餘額	比例 (%)	壞賬準備	計提比例 (%)
Within 1 year	1年以內	4,736,662,099.22	98.69	52,342,173.47	1.11	4,473,270,532.80	100.00	13,017,477.60	0.29
1 to 2 years	1至2年	62,843,369.58	1.31	694,446.53	1.11	-	-	-	-
		4,799,505,468.80	100.00	53,036,620.00	1.11	4,473,270,532.80	100.00	13,017,477.60	0.29

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

As at 31 December 2015, the top five balances in respect of accounts receivable had a total closing balance of RMB570,645,024.37, accounting for 5.76% of the total of closing balance of accounts receivable. The closing balance in respect of bad debt provided for the top five amounted to RMB37,960,889.31.

As at 31 December 2014, the top five balances in respect of accounts receivable had a total 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 31 December 2015, accounts receivable with carrying amount of RMB1,625,574,176.80 (31 December 2014: RMB1,758,522,549.60) was pledged for securing bank borrowings.

五、合併財務報表主要項目註釋(續)

4. 應收賬款(續)

於2015年12月31日，餘額前五名的應收賬款的年末餘額合計為人民幣570,645,024.37元，佔應收賬款年末餘額合計數的比例為5.76%，該前五名相應計提的壞賬準備年末餘額為人民幣37,960,889.31元。

於2014年12月31日，餘額前五名的應收賬款的年末餘額合計為人民幣1,079,580,523.62元，佔應收賬款年末餘額合計數的比例為10.31%，該前五名相應計提的壞賬準備年末餘額為人民幣37,976,081.31元。

於2015年12月31日，本集團將賬面價值為人民幣1,625,574,176.80元(2014年12月31日：人民幣1,758,522,549.60元)的應收賬款質押用於取得銀行借款。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

5. Prepayments

An aging analysis of prepayments is presented as follows:

		2015 2015年		2014 2014年	
		Amount	Proportion	Amount	Proportion
		金額	比例	金額	比例
			(%)		(%)
Within 1 year	1年以內	348,897,171.27	86.87	453,357,098.87	92.90
1 to 2 years	1至2年	40,545,235.83	10.09	22,130,599.57	4.54
2 to 3 years	2至3年	5,940,613.56	1.48	3,580,954.08	0.73
Over 3 years	3年以上	6,259,412.79	1.56	8,916,419.80	1.83
		401,642,433.45	100.00	487,985,072.32	100.00

As at 31 December 2015, there was no significant prepayments with an age of more than one year (31 December 2014: Nil).

於2015年12月31日，無賬齡一年以上的重要預付款(2014年12月31日：無)。

As at 31 December 2015, the closing balances of the top 5 prepayments amounted in aggregate to RMB89,556,506.58, representing 22.30% of the total closing balances of all prepayments at year end.

於2015年12月31日，餘額前五名的預付款項的年末餘額合計為人民幣89,556,506.58元，佔預付款項年末餘額合計數的比例為22.30%。

As at 31 December 2014, the closing balances of the top 5 prepayments amounted in aggregate to RMB120,459,072.69, representing 24.68% of the total closing balances of all prepayments as at year end.

於2014年12月31日，餘額前五名的預付款項的年末餘額合計為人民幣120,459,072.69元，佔預付款項年末餘額合計數的比例為24.68%。

6. Interests receivable

6. 應收利息

		2015 2015年	2014 2014年
Interests on time deposits	定期存款利息	53,906,611.07	134,246,230.24

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

7. Dividends receivable

7. 應收股利

		2015 2015年	2014 2014年
Shaanxi Eurostar Auto Co., Ltd.	陝西歐舒特汽車股份有限公司	3,040,000.00	3,040,000.00
Shaanxi Tonghui Automotive Transportation Co., Ltd.	陝西通匯汽車物流有限公司	3,440,000.00	-
		6,480,000.00	3,040,000.00

8. Other receivables

8. 其他應收款

An aging analysis of other receivables is presented as follows:

其他應收款的賬齡分析如下：

		2015 2015年	2014 2014年
Within 1 year	1年以內	582,552,420.11	706,703,360.37
1 to 2 years	1至2年	38,927,172.60	139,401,607.88
2 to 3 years	2至3年	22,096,966.05	29,869,751.66
Over 3 years	3年以上	57,533,773.93	33,839,580.16
		701,110,332.69	909,814,300.07
Less: Provision for bad debts in respect of other receivables	減：其他應收款壞賬準備	55,338,843.24	38,171,673.31
		645,771,489.45	871,642,626.76

Changes in provision for bad debts in respect of other receivables are as follows:

其他應收款壞賬準備的變動如下：

		2015 2015年	2014 2014年
Opening balance	年初餘額	38,171,673.31	40,811,014.15
Charge during the year	本年計提	41,581,690.97	964,034.59
Reversal during the year	本年轉回	(22,071,253.63)	(3,558,129.67)
Written off during the year	本年轉銷	(2,160,128.53)	(45,245.76)
Decrease upon disposal of subsidiary(ies) during the year	本年處置子公司減少	(183,138.88)	-
Closing balance	年末餘額	55,338,843.24	38,171,673.31

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

8. Other receivables (continued)

8. 其他應收款(續)

		2015 2015年			
		Gross carrying amount	Proportion	Provision for bad debt	Percentage
		賬面餘額	比例 (%)	壞賬準備	計提比例 (%)
Individually significant items for which provision for bad debt is recognized separately	單項金額重大並單獨計提壞賬準備	-	-	-	-
Items for which provision for bad debt is recognized by group with distinctive credit risk characteristics	按信用風險特徵組合計提壞賬準備	680,262,500.01	97.03	37,397,534.56	5.50
Not individually significant items for which provision for bad debt is recognized separately	單項金額不重大但單獨計提壞賬準備	20,847,832.68	2.97	17,941,308.68	86.06
		701,110,332.69	100.00	55,338,843.24	
		2014 2014年			
		Gross carrying amount	Proportion	Provision for bad debt	Percentage
		賬面餘額	比例 (%)	壞賬準備	計提比例 (%)
Individually significant items for which provision for bad debt is recognized separately	單項金額重大並單獨計提壞賬準備	-	-	-	-
Items for which provision for bad debt is recognized by group with distinctive credit risk characteristics	按信用風險特徵組合計提壞賬準備	909,814,300.07	100.00	38,171,673.31	4.20
Not individually significant items for which provision for bad debt is recognized separately	單項金額不重大但單獨計提壞賬準備	-	-	-	-
		909,814,300.07	100.00	38,171,673.31	

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Other receivables (continued)

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

		2015 2015年				2014 2014年			
		Amount	Proportion	Provision for bad debt	Percentage	Amount	Proportion	Provision for bad debt	Percentage
		金額	比例 (%)	壞賬準備	計提比例 (%)	金額	比例 (%)	壞賬準備	計提比例 (%)
Within 1 year	1年以內	248,579,082.64	81.84	8,442,357.02	3.40	256,219,218.85	72.40	2,707,684.00	1.06
1 to 2 years	1至2年	13,547,642.20	4.46	2,025,210.09	14.95	45,036,558.38	12.72	5,814,353.92	12.91
2 to 3 years	2至3年	19,400,790.05	6.39	5,521,618.53	28.46	29,869,751.66	8.44	7,623,815.66	25.52
3 to 4 years	3至4年	2,069,258.06	0.68	1,049,648.12	50.73	526,808.24	0.15	256,797.49	48.75
4 to 5 years	4至5年	242,851.32	0.08	194,281.06	80.00	2,367,911.50	0.67	1,894,329.20	80.00
Over 5 years	5年以上	19,901,897.34	6.55	19,901,897.34	100.00	19,874,693.04	5.62	19,874,693.04	100.00
		303,741,521.61	100.00	37,135,012.16	12.23	353,894,941.67	100.00	38,171,673.31	10.79

Other receivables for which bad debts are provided for using overdue ages as a distinctive credit risk characteristic are presented as follows:

		2015 2015年				2014 2014年			
		Amount	Proportion	Provision for bad debt	Percentage	Amount	Proportion	Provision for bad debt	Percentage
		金額	比例 (%)	壞賬準備	計提比例 (%)	金額	比例 (%)	壞賬準備	計提比例 (%)
Within 1 year	1年以內	326,904,244.80	86.82	262,522.40	0.08	450,484,141.52	81.03	-	-
1 to 2 years	1至2年	25,379,530.40	6.74	-	-	74,242,049.50	13.36	-	-
2 to 3 years	2至3年	2,696,176.00	0.72	-	-	20,123,000.00	3.62	-	-
Over 3 year	3年以上	21,541,027.20	5.72	-	-	11,070,167.38	1.99	-	-
		376,520,978.40	100.00	262,522.40	0.07	555,919,358.40	100.00	-	-

五、合併財務報表主要項目註釋(續)

8. 其他應收款(續)

本集團採用賬齡分析法計提壞賬準備的其他應收款情況如下：

採用逾期賬齡作為信用風險特徵計提壞賬準備的其他應收款情況如下：

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Other receivables (continued)

Other receivables by nature are as follows:

		2015 2015年	2014 2014年
Value-added tax paid in advance	預交增值稅	74,973.72	19,188,683.48
Tax rebate receivable	應收退稅款	19,256,798.65	8,419,496.15
Corporate lending and payment on behalf	企業暫借款及代付款	74,682,402.85	152,510,573.22
Compensation claim	索賠款	67,445,455.01	79,670,849.26
Employee advance	備用金	40,197,930.71	47,597,031.26
Commission receivable	應收佣金	68,163,586.40	80,058,232.80
Transfer of fund	資金往來	75,429,071.20	50,250,744.00
Consideration receivable for asset transfer	應收資產轉讓款	21,285,600.00	22,366,800.00
Deposit	押金	32,700,662.46	78,028,318.05
Others	其他	301,873,851.69	371,723,571.85
		701,110,332.69	909,814,300.07

As at 31 December 2015, the top 5 other receivables are presented as follows:

於2015年12月31日，其他應收款金額前五名如下：

	Closing balance 年末餘額	Percentage of total other receivables (%) 佔其他 應收款餘額 合計數的 比例(%)	Nature 性質	Age 賬齡	Closing balance of bad debt provision 壞賬準備 年末餘額
Company A A公司	68,163,586.40	9.73	Commission receivable 應收佣金	Within 1 year 1年以內	-
Company B B公司	21,285,600.00	3.04	Consideration for asset transfer 資產轉讓款	2 to 3 years 2-3年	-
Company C C公司	20,072,320.80	2.86	Transfer of fund 資金往來	Within 1 year 1年以內	-
Company D D公司	18,277,235.20	2.61	Transfer of fund 資金往來	Within 1 year 1年以內	-
Company E E公司	13,778,740.01	1.96	Corporate lending and payment on behalf 企業暫借款 及代付款	Within 1 year and 3 to 4 years 1年以內 及3-4年	10,872,216.01
	141,577,482.41	20.20			10,872,216.01

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Other receivables (continued)

As at 31 December 2014, the top 5 other receivables are presented as follows:

	Closing balance	Percentage of total other receivables (%)	Nature	Age	Closing balance of bad debt provision
	期末餘額	佔其他應收款餘額合計數的比例(%)	性質	賬齡	壞賬準備年末餘額
Company F F公司	80,058,232.80	8.80	Commission receivable 應收佣金	Within 1 year 1年以內	–
Company G G公司	30,500,859.60	3.35	Security deposit 保證金	Within 1 year 1年以內	–
Company B B公司	22,366,800.00	2.46	Consideration for asset transfer 資產轉讓款	1 to 2 years 1-2年	–
Company H H公司	18,015,810.32	1.98	Value-added tax prepaid 預交增值稅	Within 1 year 1年以內	515.74
Company I I公司	14,084,869.54	1.55	Corporate lending and payment on behalf 企業暫借款及代付款	2 to 3 years 2-3年	704,243.48
	165,026,572.26	18.14			704,759.22

As at 31 December 2015, other receivables with a carrying amount of RMB199,091,312.00 (31 December 2014: RMB366,524,751.60) were pledged for securing bank borrowings of the Group.

於2015年12月31日，本集團將賬面價值為人民幣199,091,312.00元(2014年12月31日：人民幣366,524,751.60元)的其他應收款質押用於取得銀行借款。

五、合併財務報表主要項目註釋(續)

8. 其他應收款(續)

於2014年12月31日，其他應收款金額前五名如下：

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
9. Inventories

五、合併財務報表主要項目註釋(續)
9. 存貨

		2015 2015年			2014 2014年		
		Gross carrying amount 賬面餘額	Provision for decline in value 跌價準備	Carrying amount 賬面價值	Gross carrying amount 賬面餘額	Provision for decline in value 跌價準備	Carrying amount 賬面價值
Goods in transit	在途物資	329,327,919.02	-	329,327,919.02	315,033,575.22	-	315,033,575.22
Raw materials	原材料	1,938,619,581.55	(41,237,380.61)	1,897,382,200.94	2,320,381,508.48	(40,246,072.01)	2,280,135,436.47
Finished goods	產成品	7,067,418,595.31	(277,557,857.22)	6,789,860,738.09	7,464,883,057.69	(218,015,651.81)	7,246,867,405.88
OEM materials	委托加工材料	100,543,175.90	(61,989.08)	100,481,186.82	122,077,088.48	(61,989.08)	122,015,099.40
Self made semi-finished goods and work in progress	自製半成品及在產品	1,406,810,309.74	(23,212,973.00)	1,383,597,336.74	1,326,675,001.53	(18,620,019.11)	1,308,054,982.42
Turnover materials	周轉材料	956,267,869.83	(25,170,996.33)	931,096,873.50	959,402,303.53	(5,473,962.43)	953,928,341.10
Second-hand vehicles	二手車	423,512,016.87	(13,643,598.47)	409,868,418.40	389,820,943.97	(1,115,782.38)	388,705,161.59
		12,222,499,468.22	(380,884,794.71)	11,841,614,673.51	12,898,273,478.90	(283,533,476.82)	12,614,740,002.08

The changes in provision for decline in value are as follows:

存貨跌價準備變動如下：

2015

2015年

		Decrease during the year 本年減少					Closing balance 年末餘額
		Opening balance 年初餘額	Charge during the year 本年計提	Reversal 轉回	Write-off 轉銷	Adjustment of exchange differences 匯兌差額調整	
Raw materials	原材料	40,246,072.01	23,623,594.98	(12,878,980.73)	(8,459,206.07)	(1,294,099.58)	41,237,380.61
Finished goods	產成品	218,015,651.81	157,052,865.69	(28,676,182.81)	(66,143,017.07)	(2,691,460.40)	277,557,857.22
OEM materials	委托加工材料	61,989.08	-	-	-	-	61,989.08
Self made semi-finished goods and work in progress	自製半成品及在產品	18,620,019.11	7,422,673.63	(4,500,470.02)	(1,080,924.11)	2,751,674.39	23,212,973.00
Turnover materials	周轉材料	5,473,962.43	40,364,758.45	(19,212,354.99)	(24,370.41)	(1,430,999.15)	25,170,996.33
Second-hand vehicles	二手車	1,115,782.38	19,595,370.22	(7,278,190.64)	-	210,636.51	13,643,598.47
		283,533,476.82	248,059,262.97	(72,546,179.19)	(75,707,517.66)	(2,454,248.23)	380,884,794.71

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Inventories (continued)

2014

		Opening balance 年初餘額	Charge during the year 本年計提	Reversal 轉回	Write-off 轉銷	Adjustment of exchange differences 匯兌差額調整	Closing balance 年末餘額
Raw materials	原材料	54,014,136.79	15,608,833.30	(2,159,104.08)	(24,632,489.19)	(2,585,304.81)	40,246,072.01
Finished goods	產成品	255,267,684.84	181,098,656.97	(48,533,958.53)	(167,596,836.02)	(2,219,895.45)	218,015,651.81
OEM materials	委托加工材料	425,177.22	-	-	-	(363,188.14)	61,989.08
Self made semi-finished goods and work in progress	自製半成品及在產品	36,854,179.53	2,684,486.50	(17,393,900.56)	-	(3,524,746.36)	18,620,019.11
Turnover materials	周轉材料	2,143,928.49	4,065,881.39	(228,571.72)	-	(507,275.73)	5,473,962.43
Second-hand vehicles	二手車	-	1,219,419.82	-	-	(103,637.44)	1,115,782.38
		348,705,106.87	204,677,277.98	(68,315,534.89)	(192,229,325.21)	(9,304,047.93)	283,533,476.82

Provision for decline in value of inventories is determined based on the excess of cost over net realizable value and shall be reversed within the original provision for decline in value of inventories when the factors that give rise to the decline in value of inventories in prior years are not in effect in current year.

The increase in provision for decline in value of this year was mainly due to stocking up of inventories which was in turn due to the weak sales of products.

10. Non-current assets due within one year

		2015 2015年	2014 2014年
Finance lease receivables	融資租賃應收款	1,289,424,886.40	1,509,870,834.00

On 31 December 2015, the Group's non-current assets due within one year with the carrying amount of RMB73,939,079.20 (31 December 2014: Nil) was pledged to secure its bank borrowings.

五、合併財務報表主要項目註釋(續)

9. 存貨(續)

2014年

Decrease during the year
本年減少Adjustment of
exchange
differences
匯兌差額調整

本集團按照成本高於可變現淨值的差額計提存貨跌價準備，並當以前減記存貨價值的影響因素消失時，在原已計提的存貨跌價準備的金額內轉回。

本年存貨跌價準備增加主要系產成品滯銷形成庫存積壓所致。

10. 一年內到期的非流動資產

於2015年12月31日，本集團將賬面價值為人民幣73,939,079.20元(2014年12月31日：無)的一年內到期的非流動資產質押用於取得銀行借款。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

11. Other current assets

11. 其他流動資產

		2015 2015年	2014 2014年
Prepaid expenses	待攤費用	232,104,668.12	218,384,275.16
Tax credit	可抵扣的稅項	530,972,955.35	463,327,762.71
Principal-protected fixed income investment products	保本固定收益型投資產品	10,000,000.00	20,000,000.00
Principal-protected variable income wealth management products	保本浮動收益型理財產品	73,000,000.00	-
Prepaid corporate income tax	預繳企業所得稅	105,881,057.03	63,047,641.04
Others	其他	18,277,728.55	7,417,909.34
		970,236,409.05	772,177,588.25

12. Available-for-sale financial assets

12. 可供出售金融資產

		2015 2015年			2014 2014年		
		Gross carrying amount 賬面餘額	Provision for impairment 減值準備	Carrying amount 賬面價值	Gross carrying amount 賬面餘額	Provision for impairment 減值準備	Carrying amount 賬面價值
Available-for-sale equity instruments	可供出售權益工具						
At fair value	按公允價值計量	258,826,493.60	-	258,826,493.60	256,312,290.80	-	256,312,290.80
At cost	按成本計量	514,822,916.91	(123,356,130.00)	391,466,786.91	298,661,127.71	(123,356,130.00)	175,304,997.71
		773,649,410.51	(123,356,130.00)	650,293,280.51	554,973,418.51	(123,356,130.00)	431,617,288.51

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

12. Available-for-sale financial assets (continued)

12. 可供出售金融資產(續)

Available-for-sale financial assets at fair value:

以公允價值計量的可供出售金融資產：

		2015 2015年	2014 2014年
Cost of equity instruments	權益工具成本	199,912,290.80	199,912,290.80
Fair value	公允價值	258,826,493.60	256,312,290.80
Fair value changes accrued to other comprehensive income	累計計入其他綜合收益的公允價值變動	59,200,000.00	56,400,000.00
Adjustment of exchange differences	匯兌差額調整	(285,797.20)	-
Impairment provided for	已計提減值	-	-

Available-for-sale financial assets at cost:

以成本計量的可供出售金融資產：

2015

2015年

		Gross carrying amount 賬面餘額					Provision for impairment 減值準備				Percentage of shareholding (%)	Cash dividend for the year 本年現金 紅利
		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Adjustment of exchange differences 匯兌差額調整	Closing balance 年末餘額	Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額		
Foton Heavy-duty Machinery Co., Ltd.	福田重型機械股份有限公司	38,630,876.88	-	-	-	38,630,876.88	1,408,500.00	-	-	1,408,500.00	6.14	-
Xinjie Investment and Guarantee Co., Ltd. (Note)	信捷投資擔保有限公司(註)	5,135,800.00	-	-	-	5,135,800.00	-	-	-	-	25.00	-
Huarong Xiangjiang Bank Corporation Limited	華融湘江銀行	20,000,000.00	-	-	-	20,000,000.00	-	-	-	-	0.32	2,000,000.00
China National Machinery and Equipment Hainan Corp., Ltd.	中國機械設備海南股份有限公司	879,605.00	-	-	-	879,605.00	879,605.00	-	-	879,605.00	0.66	-
Zhuzhou Gear Share Co., Ltd.	株洲齒輪股份有限公司	1,680,000.00	-	-	-	1,680,000.00	-	-	-	-	2.45	-
Eastern Life Insurance Co., Ltd.	東方人壽保險有限公司	60,000,000.00	-	-	-	60,000,000.00	60,000,000.00	-	-	60,000,000.00	7.50	-
New Century Finance Leasing Co., Ltd.	新世紀金融租賃有限公司	61,068,025.00	-	-	-	61,068,025.00	61,068,025.00	-	-	61,068,025.00	11.22	-
XIAMEN FENGTAI BUS & COACH INTERNATIONAL CO., LTD	廈門豐泰國際新能源汽車有限公司	24,999,800.00	-	-	-	24,999,800.00	-	-	-	-	15.47	-
Yangzhou Suken Yinhe Auto Connecting Rod Co., Ltd.	揚州蘇懇銀河汽車連桿有限公司	1,563,949.23	-	-	-	1,563,949.23	-	-	-	-	15.00	-
Others	其他	84,703,071.60	219,991,598.00	(5,304,418.60)	1,474,609.80	300,864,860.80	-	-	-	-	-	69,029,200.80
		298,661,127.71	219,991,598.00	(5,304,418.60)	1,474,609.80	514,822,916.91	123,356,130.00	-	-	123,356,130.00	-	71,029,200.80

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015 (Expressed in Renminbi Yuan)

財務報表附註(續)

二零一五年十二月三十一日(人民幣元)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Available-for-sale financial assets (continued)
2014

五、合併財務報表主要項目註釋(續)

12. 可供出售金融資產(續)
2014年

		Gross carrying amount 賬面餘額				Provision for impairment 減值準備				Percentage of shareholding (%)	Cash dividend for the year 本年現金 紅利
		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額	Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額		
Foton Heavy-duty Machinery Co., Ltd.	福田重型機械股份有限公司	38,630,876.88	-	-	38,630,876.88	1,408,500.00	-	-	1,408,500.00	6.14	-
Xinjie Investment and Guarantee Co., Ltd. (Note)	信捷投資擔保有限責任公司(註)	5,135,800.00	-	-	5,135,800.00	-	-	-	-	25.00	-
Huarong Xiangjiang Bank Corporation Limited	華融湘江銀行	20,000,000.00	-	-	20,000,000.00	-	-	-	-	0.32	2,000,000.00
China National Machinery and Equipment Hainan Corp., Ltd.	中國機械設備海南股份有限公司	879,605.00	-	-	879,605.00	879,605.00	-	-	879,605.00	0.66	-
Zhuzhou Gear Share Co., Ltd.	株洲齒輪股份有限公司	1,680,000.00	-	-	1,680,000.00	-	-	-	-	2.45	-
Eastern Life Insurance Co., Ltd.	東方人壽保險有限公司	60,000,000.00	-	-	60,000,000.00	60,000,000.00	-	-	60,000,000.00	7.50	-
New Century Finance Leasing Co., Ltd.	新世紀金融租賃有限公司	61,068,025.00	-	-	61,068,025.00	61,068,025.00	-	-	61,068,025.00	11.22	-
XIAMEN FENGTAI BUS & COACH INTERNATIONAL CO., LTD	廈門豐泰國際新能源汽車有限公司	24,999,800.00	-	-	24,999,800.00	-	-	-	-	15.47	-
Yangzhou Suken Yinhe Auto Connecting Rod Co., Ltd.	揚州蘇德銀河汽車連桿有限公司	1,563,949.23	-	-	1,563,949.23	-	-	-	-	15.00	-
Other	其他	-	84,703,071.60	-	84,703,071.60	-	-	-	-	-	2,000,000.00
		213,958,056.11	84,703,071.60	-	298,661,127.71	123,356,130.00	-	-	123,356,130.00	-	2,000,000.00

Note: The Group has no board seats in Xinjie Investment and Guarantee Co., Ltd., as such the Group has no significant influence over that investee.

註：本集團在信捷投資擔保有限責任公司無董事會席位，本集團對該被投資單位無重大影響。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term receivables

五、合併財務報表主要項目註釋(續)

13. 長期應收款

		2015 2015年			2014 2014年		
		Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
		賬面餘額	減值準備	賬面價值	賬面餘額	減值準備	賬面價值
Finance lease receivables	融資租賃應收款	3,348,884,733.60	-	3,348,884,733.60	2,574,098,089.20	-	2,574,098,089.20
		3,348,884,733.60	-	3,348,884,733.60	2,574,098,089.20	-	2,574,098,089.20

The discount rate ranged from 0% to 15%.

As at 31 December 2015, among the aforesaid finance lease receivables, unrealized finance income amounted to RMB304,802,696.80 (31 December 2014: RMB282,216,826.80).

As at 31 December 2015, no long-term receivables were pledged for securing bank borrowings of the Group (31 December 2014: RMB205,058,822.40).

採用的折現率區間為0%-15%。

於2015年12月31日，上述融資租賃應收款中未實現融資收益為人民幣304,802,696.80元(2014年12月31日：人民幣282,216,826.80元)。

於2015年12月31日，本集團無長期應收款質押用於取得銀行借款(2014年12月31日：人民幣205,058,822.40元)。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

14. Long-term equity investments
201514. 長期股權投資
2015年

		Opening balance 年初餘額	Other increase (Note 2) 其他增加(註2)	Other decrease 其他減少	Change during the year 本年變動			Closing balance 年末餘額	Closing provision for impairment 年末減值準備
					Gains and losses on investment under equity method 權益法下投資損益	Other comprehensive income 其他綜合收益	Other equity changes 其他權益變動		
Jointly-controlled enterprises Xi'an FC Intelligence Transmission Co., Ltd. (Note 1)	合營企業 西安雙特智能傳動有限公司(註1)	192,653,453.02	-	-	(34,602,654.06)	-	-	158,050,798.96	-
Associates Shanzhong Finance Leasing Co., Ltd. Shandong Heavy Industry Group Finance Co., Ltd.	聯營企業 山重融資租賃有限公司 山東重工集團財務有限公司	391,082,871.61 228,029,963.54	- -	- -	16,066,956.77 22,718,404.78	- -	(16,119,400.00) (13,279,503.45)	391,030,428.38 237,468,864.87	- -
24 associates which are not individually significant	單項不重大的24家聯營企業	665,959,370.13	49,050,703.65	(12,118,687.10)	27,998,182.16	(6,561,087.89)	1,224,635.37	660,600,073.97	(4,844,091.33)
		1,477,725,658.30	49,050,703.65	(12,118,687.10)	32,180,889.65	(6,561,087.89)	1,224,635.37	1,447,150,166.18	(4,844,091.33)

2014

2014年

		Opening balance 年初餘額	Additional investments 追加投資	Increase upon consolidation of subsidiaries 合併子公司增加	Other decrease 其他減少	Change during the year 本年變動			Closing carrying amount 年末賬面價值	Closing provision for impairment 年末減值準備
						Gains and losses on investment under equity method 權益法下投資損益	Other comprehensive income 其他綜合收益	Declaration of cash dividend 宣告現金股利		
Jointly-controlled enterprises Xi'an FC Intelligence Transmission Co., Ltd. (Note 1)	合營企業 西安雙特智能傳動有限公司(註1)	230,150,062.77	-	-	-	(37,496,609.75)	-	-	192,653,453.02	-
Associates KION Group AG Shanzhong Finance Leasing Co., Ltd. Shandong Heavy Industry Group Finance Co., Ltd.	聯營企業 KION Group AG 山重融資租賃有限公司 山東重工集團財務有限公司	6,631,346,533.88 409,920,340.57 213,732,394.01	800,288,471.10 - -	- - -	(7,284,097,935.00) - -	104,169,269.64 17,454,581.04 21,850,102.51	(165,767,326.74) - -	(85,939,012.88) (36,292,050.00) (7,552,532.98)	- 391,082,871.61 228,029,963.54	- - -
23 associates which are not individually significant	單項不重大的23家聯營企業	304,079,749.41	-	419,268,642.50	(665,711.42)	(2,223,440.83)	(42,794,732.82)	(7,450,704.10)	665,959,370.13	(4,538,932.17)
		7,789,229,080.64	800,288,471.10	419,268,642.50	(7,284,763,646.42)	103,753,902.61	(208,562,059.56)	(137,234,299.96)	1,477,725,658.30	(4,538,932.17)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Long-term equity investments (continued)

Note 1: Xi'an FC Intelligence Transmission Co., Ltd. is held as to 51% by the Group, and as to 4% and 45% by Shaanxi Fast Gear Automotive Transmission Co., Ltd. ("Transmission Co") and Caterpillar (China) Investment Co., Ltd ("Caterpillar") respectively. Its board of directors comprises seven directors, three of whom being nominated by the Group, one being nominated by Transmission Co and three being nominated by Caterpillar. According to its articles of association, board resolutions require unanimous approval or approval by substantially all directors, and thus Xi'an FC Intelligence Transmission Co. is a jointly-controlled enterprise of the Group.

Note 2: The Company held 38.60% in Shaanxi Automobile Wuhai Special Vehicles Co., Ltd. On 16 March 2012, the Group acquired 24.12% minority interest voting rights in Shaanxi Automobile Wuhai Special Vehicles Co., Ltd. via a management and control agency agreement, representing an aggregate percentage of voting power of 62.72% with effective control over the company. On 1 December 2015, the equity entrustment agreement was terminated upon discussion and negotiation, and the voting rights increased back to 38.60%. The equity method was instead adopted to account for the equity investment made by Shaanxi Heavy-duty Motor Company Limited, a subsidiary of the Company, in Shaanxi Automobile Wuhai Special Vehicles Co., Ltd. For details, please refer to Note VI.5.

Provision for impairment of long-term equity investments is presented as follows:

2015

		Opening balance	Increase during the year	Decrease during the year	Adjustment of exchange differences	Closing balance
		年初餘額	本年增加	本年減少	匯兌差額調整	年末餘額
Zhuzhou Auto Trading Market	株洲汽車交易市場	(284,499.56)	-	-	-	(284,499.56)
Torque Turbine Engine Co.	Torque Turbine Engine Co.	(4,254,432.61)	-	-	(305,159.16)	(4,559,591.77)
		(4,538,932.17)	-	-	(305,159.16)	(4,844,091.33)

2014

		Opening balance	Increase during the year	Decrease during the year	Adjustment of exchange differences	Closing balance
		年初餘額	本年增加	本年減少	匯兌差額調整	年末餘額
Zhuzhou Auto Trading Market	株洲汽車交易市場	(284,499.56)	-	-	-	(284,499.56)
Torque Turbine Engine Co.	Torque Turbine Engine Co.	-	(4,254,432.61)	-	-	(4,254,432.61)
		(284,499.56)	(4,254,432.61)	-	-	(4,538,932.17)

五、合併財務報表主要項目註釋(續)

14. 長期股權投資(續)

註1：本集團持有西安雙特智能傳動有限公司51%股權，另外兩位股東為陝西法士特傳動集團有限責任公司(「傳動集團」)和卡特彼勒(中國)投資有限公司(「卡特彼勒」)，股權分別為4%和45%。董事會由七名董事組成，其中三名由本集團委任，一名由傳動集團委任，另外三名由卡特彼勒委任，根據公司章程約定，董事會決議需要董事會全體或者絕大多數同意通過，因此西安雙特智能傳動有限公司屬於本集團合營企業。

註2：本集團持有陝汽烏海專用汽車有限公司38.60%股權，2012年3月16日，通過授權管理和控制協議取得了陝汽烏海少數股東24.12%的表決權，合計表決權比例為62.72%，擁有實際控制權。2015年12月1日經過協商終止股權委託協議，表決權比例恢復為38.60%。本公司之子公司陝西重型汽車有限公司對陝汽烏海專用汽車有限公司的股權投資改為權益法核算。具體參見附註六、5。

長期股權投資減值準備的情況：

2015年

2014年

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

15. Investment property

15. 投資性房地產

Subsequent measure under the cost model:

採用成本模式進行後續計量：

2015

2015年

		Houses and buildings 房屋及建築物	Land use rights 土地使用權	Total 合計
Gross carrying amount	原價			
Open balance	年初餘額	592,636,238.34	47,204,688.83	639,840,927.17
Directly acquired	直接購入	1,053,791.00	–	1,053,791.00
Transfer from construction in progress	在建工程轉入	90,012,504.91	–	90,012,504.91
Transfer from fixed assets	固定資產轉入	31,950,882.49	–	31,950,882.49
Transfer from intangible assets	無形資產轉入	–	300,218.79	300,218.79
Disposals and retirements	處置及報廢	(20,064,070.41)	(1,247,460.25)	(21,311,530.66)
Closing balance	年末餘額	695,589,346.33	46,257,447.37	741,846,793.70
Accumulated depreciation and amortization	累計折舊和攤銷			
Opening balance	年初餘額	113,972,710.07	3,704,901.78	117,677,611.85
Provision	計提	32,533,101.52	933,329.13	33,466,430.65
Transfer from fixed assets	固定資產轉入	5,229,981.96	–	5,229,981.96
Transfer from intangible assets	無形資產轉入	–	37,175.31	37,175.31
Disposals or retirements	處置或報廢	(3,252,346.32)	(202,902.27)	(3,455,248.59)
Closing balance	年末餘額	148,483,447.23	4,472,503.95	152,955,951.18
Carrying amount	賬面價值			
At year end	年末	547,105,899.10	41,784,943.42	588,890,842.52
At year beginning	年初	478,663,528.27	43,499,787.05	522,163,315.32

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Investment property (continued)

2014

五、合併財務報表主要項目註釋(續)

15. 投資性房地產(續)

2014年

		Houses and buildings 房屋及建築物	Land use rights 土地使用權	Total 合計
Gross carrying amount	原價			
Open balance	年初餘額	591,466,267.63	47,204,688.83	638,670,956.46
Transfer from construction in progress	在建工程轉入	2,567,968.00	–	2,567,968.00
Disposals and retirements	處置及報廢	(1,397,997.29)	–	(1,397,997.29)
Closing balance	年末餘額	592,636,238.34	47,204,688.83	639,840,927.17
Accumulated depreciation and amortization	累計折舊和攤銷			
Opening balance	年初餘額	88,519,301.18	2,755,103.65	91,274,404.83
Provision	計提	25,747,221.31	949,798.13	26,697,019.44
Disposals or retirements	處置或報廢	(293,812.42)	–	(293,812.42)
Closing balance	年末餘額	113,972,710.07	3,704,901.78	117,677,611.85
Carrying amount	賬面價值			
At year end	年末	478,663,528.27	43,499,787.05	522,163,315.32
At year beginning	年初	502,946,966.45	44,449,585.18	547,396,551.63

As at 31 December 2015, investment properties for which the Group had not obtained real estate certificates had a carrying amount of 116,401,788.08, for which the Group was in the process of applying for real estate certificates (31 December 2014: RMB161,550,184.91).

於2015年12月31日，本集團尚未獲得房地產證的投資性房地產賬面價值為人民幣116,401,788.08元，還在申請房地產證過程中(2014年12月31日：人民幣161,550,184.91元)。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Fixed assets
2015

五、合併財務報表主要項目註釋(續)

16. 固定資產
2015年

		Houses and buildings	Machinery and equipment	Electronic equipment	Vehicles	Forklift trucks and equipment leased out (long-term)	Forklift trucks and equipment leased out (short-term)	Others	Total
		房屋及建築物	機器設備	電子設備	運輸設備	租出的叉車及設備(長期)	租出的叉車及設備(短期)	其他	合計
Carrying amount	原價								
Opening balance	年初餘額	9,952,875,912.27	13,866,863,024.78	934,672,528.96	392,279,273.45	2,324,506,968.00	4,522,082,346.00	2,322,944,709.27	34,316,224,762.73
Addition	購置	117,642,255.04	326,643,560.18	38,115,445.76	13,631,068.77	1,667,804,060.00	2,047,791,936.00	253,519,048.04	4,465,147,373.79
(Transfer to)/ Transfer from construction-in-progress	在建工程(轉出)/轉入								
982,531,883.59	752,608,269.51	53,558,774.45	19,925,019.55	-	2,653,372.00	49,391,457.29	1,860,668,776.39		
Increase arising from acquisition of subsidiaries	因收購子公司增加	-	604,302.00	-	-	-	-	8,488,012.00	9,092,314.00
Internal re-classification	內部重分類	-	754,166,607.32	19,744,400.55	-	-	-	(773,911,007.87)	-
Other transfer-in	其他轉入	-	119,441,856.13	8,122,829.31	7,672,139.46	-	-	-	135,236,824.90
Disposals or retirements	處置或報廢	(193,593,979.76)	(238,581,209.31)	(19,540,486.14)	(30,747,012.01)	(1,172,769,586.00)	(1,617,292,748.00)	(178,169,591.61)	(3,450,694,612.83)
Decrease upon disposal of subsidiaries	處理子公司減少	(6,557,024.00)	(19,406,017.31)	(1,644,625.73)	(579,055.58)	(23,012,098.00)	(57,561,502.00)	(5,237,284.00)	(113,997,606.62)
Other transfer-out	其他轉出	(31,950,882.49)	-	-	-	-	-	-	(31,950,882.49)
Exchange rate adjustment	匯兌差額調整	(133,824,022.65)	(65,044,683.61)	194,468.35	103,480.56	(159,860,786.40)	(201,261,191.20)	(31,054,115.11)	(590,746,850.06)
Closing balance	年末餘額	10,687,124,142.00	15,497,295,709.69	1,033,223,335.51	402,284,914.20	2,636,668,557.60	4,696,412,212.80	1,645,971,228.01	36,598,980,099.81
Accumulated depreciation	累計折舊								
Opening balance	年初餘額	1,418,700,650.65	6,491,170,205.73	625,036,855.07	281,624,939.96	242,791,614.00	621,841,773.60	1,017,872,439.48	10,699,038,478.49
Provision	計提	556,207,968.83	1,355,763,699.79	125,914,875.66	38,111,140.75	559,521,138.00	1,207,612,111.20	287,615,201.91	4,130,746,136.14
Internal re-classification	內部重分類	-	344,434,666.13	13,730,036.77	-	-	-	(358,164,702.90)	-
Other transfer-in	其他轉入	-	97,991,658.78	7,742,744.55	7,297,072.47	-	-	-	113,031,475.80
Disposals or retirements	處置或報廢	(47,487,529.62)	(149,677,571.29)	(18,796,211.68)	(24,109,848.96)	(440,848,728.00)	(1,118,215,702.00)	(165,901,556.53)	(1,965,037,148.08)
Decrease upon disposal of subsidiaries	處理子公司減少	(854,358.00)	(9,836,621.28)	(1,469,270.43)	(309,743.76)	(9,856,374.00)	(37,876,538.00)	(3,903,652.00)	(64,106,557.47)
Other transfer-out	其他轉出	(5,229,981.96)	-	-	-	-	-	-	(5,229,981.96)
Exchange rate adjustment	匯兌差額調整	5,336,103.05	(1,921,708.88)	(5,334.56)	58,987.84	(87,524,306.00)	9,084,491.04	(5,310,848.33)	(80,282,615.84)
Closing balance	年末餘額	1,926,672,852.95	8,127,924,328.98	752,153,695.38	302,672,548.30	264,083,344.00	682,446,135.84	772,206,881.63	12,828,159,787.08
Provision for impairment	減值準備								
Opening balance	年初餘額	2,266,175.34	103,946,231.22	144,649.06	1,047,369.85	-	-	389,164.52	107,793,589.99
Provision	計提	4,690,547.50	1,946,821.57	-	-	-	-	-	6,637,369.07
Disposals or retirements	處置或報廢	(5,106,179.47)	(3,278,229.71)	-	(989,030.26)	-	-	-	(9,373,439.44)
Closing balance	年末餘額	1,850,543.37	102,614,823.08	144,649.06	58,339.59	-	-	389,164.52	105,057,519.62
Carrying amount	賬面價值								
At year end	年末	8,758,600,745.68	7,266,756,557.63	280,924,991.07	99,554,026.31	2,372,585,213.60	4,013,966,076.96	873,375,181.86	23,665,762,793.11
At year beginning	年初	8,531,909,086.28	7,271,746,587.83	309,491,024.83	109,606,963.64	2,081,715,354.00	3,900,240,572.40	1,304,683,105.27	23,509,392,694.25

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015 (Expressed in Renminbi Yuan)

財務報表附註(續)

二零一五年十二月三十一日(人民幣元)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Fixed assets (Continued)

2014

五、合併財務報表主要項目註釋(續)

16. 固定資產(續)

2014年

		Houses and buildings	Machinery and equipment	Electronic equipment	Vehicles	Forklift trucks and equipment leased out (long-term)	Forklift trucks and equipment leased out (short-term)	Others	Total
		房屋及建築物	機器設備	電子設備	運輸設備	租出的叉車及設備(長期)	租出的叉車及設備(短期)	其他	合計
Carrying amount	原價								
Opening balance	年初餘額	6,247,057,239.57	12,360,196,439.65	834,203,871.70	362,041,242.24	-	-	1,450,674,775.80	21,254,173,568.96
Addition	購置	174,845,882.51	218,796,027.35	11,135,822.58	14,322,060.75	782,339,821.50	1,189,810,006.30	251,339,801.75	2,642,589,422.74
Transfer from construction-in-progress	在建工程轉入	438,111,729.48	850,504,856.30	115,603,819.45	21,398,770.26	-	-	96,661,099.97	1,522,280,275.46
Business combination not involving entities under common control	非同一控制下企業合併	3,576,359,832.60	1,085,388,201.60	-	-	2,181,412,361.40	4,371,773,366.40	653,956,129.20	11,868,889,891.20
Disposals or retirements	處置或報廢	(102,991,131.74)	(463,922,975.83)	(18,056,799.76)	(6,198,604.72)	(354,483,090.50)	(475,906,076.70)	(37,783,628.16)	(1,459,342,307.41)
Exchange rate adjustment	匯兌差額調整	(380,507,640.15)	(184,099,524.29)	(8,214,185.01)	715,804.92	(284,762,124.40)	(563,594,950.00)	(91,903,469.29)	(1,512,366,088.22)
Closing balance	年末餘額	9,952,875,912.27	13,866,863,024.78	934,672,528.96	392,279,273.45	2,324,506,968.00	4,522,082,346.00	2,322,944,709.27	34,316,224,762.73
Accumulated depreciation	累計折舊								
Opening balance	年初餘額	1,072,444,393.42	5,489,309,912.04	442,249,799.46	239,312,055.76	-	-	796,535,532.90	8,039,851,693.58
Provision	計提	361,020,652.90	1,176,142,486.78	216,172,842.09	57,994,446.26	265,342,876.50	679,600,428.60	348,149,422.90	3,104,423,156.03
Disposals or retirements	處置或報廢	(2,175,405.52)	(154,802,556.38)	(33,012,110.23)	(15,632,526.75)	-	-	(103,094,478.95)	(308,717,077.83)
Exchange rate adjustment	匯兌差額調整	(12,588,990.15)	(19,479,636.71)	(373,676.25)	(49,035.31)	(22,551,262.50)	(57,758,655.00)	(23,718,037.37)	(136,519,293.29)
Closing balance	年末餘額	1,418,700,650.65	6,491,170,205.73	625,036,855.07	281,624,939.96	242,791,614.00	621,841,773.60	1,017,872,439.48	10,699,038,478.49
Provision for impairment	減值準備								
Opening balance	年初餘額	2,524,547.15	61,181,933.03	8,464.02	1,047,369.85	-	-	383,460.37	65,145,774.42
Provision	計提	-	42,771,537.21	136,185.04	-	-	-	5,704.15	42,913,426.40
Disposals or retirements	處置或報廢	(258,371.81)	(7,239.02)	-	-	-	-	-	(265,610.83)
Closing balance	年末餘額	2,266,175.34	103,946,231.22	144,649.06	1,047,369.85	-	-	389,164.52	107,793,589.99
Carrying amount	賬面價值								
At year end	年末	8,531,909,086.28	7,271,746,587.83	309,491,024.83	109,606,963.64	2,081,715,354.00	3,900,240,572.40	1,304,683,105.27	23,509,392,694.25
At year beginning	年初	5,172,088,299.00	6,809,704,594.58	391,945,608.22	121,681,816.63	-	-	653,755,782.53	13,149,176,100.96

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Fixed assets (continued)

Fixed assets which are temporarily idle are presented as follows:

2015

		Gross carrying amount 原價	Accumulated depreciation 累計折舊	Provision for impairment 減值準備	Carrying amount 賬面價值
Machinery and equipment	機器設備	5,482,924.55	4,631,954.67	-	850,969.88

2014

		Gross carrying amount 原價	Accumulated depreciation 累計折舊	Provision for impairment 減值準備	Carrying amount 賬面價值
Machinery and equipment	機器設備	1,193,797.94	-	-	1,193,797.94

Fixed assets leased in under finance lease are presented as follows:

2015

		Gross carrying amount 原價	Accumulated depreciation 累計折舊	Provision for impairment 減值準備	Carrying amount 賬面價值
Houses and buildings	房屋建築物	43,720,622.40	24,457,154.40	-	19,263,468.00
Machinery and equipment	機器設備	45,366,708.80	6,676,583.20	-	38,690,125.60
Electronic equipment	電子設備	144,777,556.00	70,249,575.20	-	74,527,980.80
Forklift trucks and equipment leased out (long-term)	租出的卡車及設備(長期)	2,252,624,050.78	224,248,274.78	-	2,028,375,776.00
Forklift trucks and equipment leased out (short-term)	租出的卡車及設備(短期)	3,498,035,390.91	509,501,674.91	-	2,988,533,716.00
		5,984,524,328.89	835,133,262.49	-	5,149,391,066.40

2014

		Gross carrying amount 原價	Accumulated depreciation 累計折舊	Provision for impairment 減值準備	Carrying amount 賬面價值
Houses and buildings	房屋建築物	27,607,043.02	848,894.62	-	26,758,148.40
Machinery and equipment	機器設備	10,321,085.30	338,036.90	-	9,983,048.40
Others	其他	93,784,737.96	5,972,681.16	-	87,812,056.80
Forklift trucks and equipment leased out (long-term)	租出的卡車及設備(長期)	1,808,550,144.08	89,646,652.88	-	1,718,903,491.20
Forklift trucks and equipment leased out (short-term)	租出的卡車及設備(短期)	3,403,825,881.65	532,070,418.05	-	2,871,755,463.60
		5,344,088,892.01	628,876,683.61	-	4,715,212,208.40

五、合併財務報表主要項目註釋(續)

16. 固定資產(續)

暫時閑置的固定資產如下:

2015年

2014年

融資租入固定資產如下:

2015年

2014年

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Fixed assets (continued)

Fixed assets which are temporarily idle are presented as follows:

		2015	2014
		2015年	2014年
Houses and buildings	房屋建築物	2,349,951.44	9,548,315.51
Electronic equipment	電子設備	923,041.78	557,556.56
Machinery and equipment	機器設備	10,443,268.08	13,072,484.30
Vehicles	運輸工具	609,335.85	2,449.49
other equipment	其他設備	602,097.13	-
Forklift trucks and equipment leased out (long-term)	租出的叉車及設備(長期)	2,372,585,213.60	2,081,715,354.00
Forklift trucks and equipment leased out (short-term)	租出的叉車及設備(短期)	4,013,966,076.96	3,900,240,572.40

As at 31 December 2015, the fixed assets for which the Group had not obtained real estate certificates had a carrying amount of RMB1,794,017,705.49 (31 December 2014: 1,836,612,161.16).

As at 31 December 2015, fixed assets with a carrying amount of RMB161,851,321.80 (31 December 2014: RMB136,653,692.40) were pledged for securing bank borrowings of the Group.

五、合併財務報表主要項目註釋(續)

16. 固定資產(續)

經營性租出固定資產賬面價值如下：

於2015年12月31日，本集團尚未獲得房地產證的固定資產賬面價值為人民幣1,794,017,705.49元(2014年12月31日：人民幣1,836,612,161.16元)。

於2015年12月31日，本集團將賬面價值為人民幣161,851,321.80元(2014年12月31日：人民幣136,653,692.40元)的固定資產用於抵押取得銀行借款。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Construction in progress

五、合併財務報表主要項目註釋(續)

17. 在建工程

		2015			2014		
		Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
		賬面餘額	減值準備	賬面價值	賬面餘額	減值準備	賬面價值
Weichai Power Testing Centre	濰柴動力實驗中心	289,866,753.20	-	289,866,753.20	465,540,981.73	-	465,540,981.73
FAST transmission technology renovation project	法士特傳動技改項目	128,459,476.96	-	128,459,476.96	363,289,454.44	-	363,289,454.44
Project of relocation of five production lines for processing in Factory I	一號工廠加工五生產線搬遷項目	112,475,984.12	-	112,475,984.12	80,466,393.88	-	80,466,393.88
Logistics Park of Weichai Power	濰柴動力物流園	111,695,443.33	-	111,695,443.33	141,231,987.02	-	141,231,987.02
Construction of Yulin new factory area	榆林新廠區建設	110,164,120.21	-	110,164,120.21	79,709,078.62	-	79,709,078.62
Industrial park project of Weichai Power	濰柴動力工業園項目	106,295,112.35	-	106,295,112.35	75,503,559.01	-	75,503,559.01
Project of catering services centre of Weichai Power	濰柴動力餐飲服務中心項目	82,282,921.13	-	82,282,921.13	8,333,941.16	-	8,333,941.16
Weichai Power Landking Phase II	濰柴動力藍擎二期	59,617,894.67	-	59,617,894.67	85,281,962.10	-	85,281,962.10
Project of renovation of production trial chamber in the technology centre of Weichai Power	濰柴動力技術中心產試室改造項目	49,887,497.91	-	49,887,497.91	17,807,347.82	-	17,807,347.82
Project of relocation of the equipment technology services company of Weichai Power	濰柴動力裝備技術服務公司搬遷項目	48,263,139.86	-	48,263,139.86	39,756,788.13	-	39,756,788.13
Project T of Weichai Power	濰柴動力T項目	42,089,283.33	-	42,089,283.33	44,265,997.55	-	44,265,997.55
Weichai Power interim testing workshop project	濰柴動力中試車間項目	37,222,037.48	-	37,222,037.48	49,099,876.40	-	49,099,876.40
Renovation for the casting project of Weichai Power	濰柴動力鑄造項目改建	35,688,065.03	-	35,688,065.03	239,376,224.35	-	239,376,224.35
Project on workshop 3 to 4 in Factory I of Weichai Power	濰柴動力一號廠3-4車間項目	33,117,442.63	-	33,117,442.63	41,896,448.11	-	41,896,448.11
Project of capacity expansion of gas machines of Weichai Power	濰柴動力氣體擴能項目	29,515,669.86	-	29,515,669.86	15,181,506.86	-	15,181,506.86
Project of global accessories distribution centre of Weichai Power	濰柴動力全球配件分銷中心項目	26,681,204.24	-	26,681,204.24	16,179,322.01	-	16,179,322.01
Landking project of Weichai Power	濰柴動力藍擎項目	22,880,200.23	-	22,880,200.23	12,763,582.62	-	12,763,582.62
Phase I project of diesel engines of WP9 series of Weichai Power	濰柴動力WP9系列柴油機一期項目	21,486,564.08	-	21,486,564.08	-	-	-
Zhuzhou Gear technology renovation project	株州齒輪技改項目	19,464,817.18	-	19,464,817.18	45,073,505.78	-	45,073,505.78
Project of transportation of casting and heat processing of Weichai Power	濰柴動力鑄造和熱處理搬遷項目	17,749,151.40	-	17,749,151.40	20,459,949.94	-	20,459,949.94
Phase II of new base of Shaanxi Zhongqi	陝重汽新基地二期	16,801,967.81	-	16,801,967.81	81,174,024.18	-	81,174,024.18

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Construction in progress (Continued)

五、合併財務報表主要項目註釋(續)

17. 在建工程(續)

		2015 2015年			2014 2014年		
		Gross carrying amount 賬面餘額	Provision for impairment 減值準備	Carrying amount 賬面價值	Gross carrying amount 賬面餘額	Provision for impairment 減值準備	Carrying amount 賬面價值
Project of three companies of Weichai Power	濰柴動力三公司項目	15,554,720.50	-	15,554,720.50	53,466,993.45	-	53,466,993.45
Phase III project of testing centre of Weichai Power	濰柴動力試驗中心三期項目	14,674,249.48	-	14,674,249.48	9,442,658.69	-	9,442,658.69
Project of expansion of casting of Weichai Power	濰柴動力鑄造擴建項目	14,110,643.59	-	14,110,643.59	21,146,279.92	-	21,146,279.92
Project of renovation of phase II motors production line of Weichai Power	濰柴動力發動機二期生產線改造項目	14,095,589.31	-	14,095,589.31	-	-	-
Project of casting factory III of Weichai Power	濰柴動力鑄造三廠項目	9,400,332.44	-	9,400,332.44	10,057,944.00	-	10,057,944.00
Sparkplug technology renovation project	火花塞技改	7,772,317.66	(3,738,267.94)	4,034,049.72	6,689,782.32	(3,738,267.94)	2,951,514.38
Project of new heavy-duty truck in Xinjiang	新疆重型卡車新建項目	3,377,719.36	-	3,377,719.36	2,137,533.87	-	2,137,533.87
Weichai Power Information Centre	濰柴動力信息化中心	2,754,039.59	-	2,754,039.59	5,873,170.99	-	5,873,170.99
Huadong technology renovation project of Weichai Power	濰柴動力華動技改項目	2,750,627.37	-	2,750,627.37	88,383,474.86	-	88,383,474.86
Overhaul of technological measures of FAST	法士特技措大修	1,454,501.67	-	1,454,501.67	6,579,646.43	-	6,579,646.43
Project for combining three workshops for FAST gear	法士特齒輪聯合三車間項目	1,327,038.19	-	1,327,038.19	2,820,546.96	-	2,820,546.96
150,000-tonne casting project in Jinding new factory area	金鼎新廠區15萬噸鑄造項目	907,258.00	-	907,258.00	962,508.00	-	962,508.00
Others	其他	882,716,000.44	-	882,716,000.44	722,501,196.83	-	722,501,196.83
Prepaid project equipment monies	預付工程設備款	220,548,762.24	-	220,548,762.24	572,527,755.52	-	572,527,755.52
		2,593,148,546.85	(3,738,267.94)	2,589,410,278.91	3,424,981,423.55	(3,738,267.94)	3,421,243,155.61

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Construction in progress (continued)

Movement in key construction-in-progress in 2015 is presented as follows:

		Budget	Opening balance	Increase during the year	Fixed asset transferred in during the year 本年轉入 固定資產	Other decreases 其他減少	Closing balance	Source of funding 資金來源	Actual costs as a percentage of budget (%) 工程投入 佔預算比例(%)
FAST transmission technology renovation project	法士特傳動技改項目	2,383,600,000.00	363,289,454.44	185,242,431.45	(373,585,588.88)	(46,486,820.05)	128,459,476.96	Internal fund 自有資金	97%
Weichai Power Testing Centre	濰柴動力實驗中心	942,310,000.00	465,540,981.73	46,902,075.76	(190,364,527.88)	(32,211,776.41)	289,866,753.20	Internal fund 自有資金	98.32%

Movement in key construction-in-progress in 2014 is presented as follows:

		Budget	Opening balance	Increase during the year	Fixed asset transferred in during the year 本年轉入 固定資產	Other decreases 其他減少	Closing balance	Source of funding 資金來源	Actual costs as a percentage of budget (%) 工程投入 佔預算比例(%)
FAST transmission technology renovation project	法士特傳動技改項目	2,383,600,000.00	525,889,089.70	187,750,078.60	(350,349,713.86)	-	363,289,454.44	Internal fund 自有資金	96.27%
Weichai Power Testing Centre	濰柴動力實驗中心	942,310,000.00	484,177,190.28	1,008,692.01	(19,644,900.56)	-	465,540,981.73	Internal fund 自有資金	98%

Provision for impairment of construction-in-progress was made in respect of sparkplug technology renovation project because its recoverable amount was lower than carrying amount. There was no movement in the provision for impairment during the year.

17. 在建工程(續)

重要在建工程2015年變動如下：

重要在建工程2014年變動如下：

在建工程減值準備系火花塞技改項目，計提原因在於可收回金額低於賬面價值，本年減值準備無變動。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Intangible assets
2015

五、合併財務報表主要項目註釋(續)

18. 無形資產
2015年

		Opening balance 年初餘額	Addition 購置	Internal R&D 內部研發	Increase upon acquisition of subsidiaries 收購子公司增加	Disposals and retirements 處置或報廢	Adjustment of exchange differences 匯兌差額調整	Closing balance 年末餘額
Gross carrying amount	資產原價							
Technology know-how	專有技術	1,174,928,552.78	159,943.94	150,645,640.15	-	(1,910,150.00)	(31,815,126.55)	1,292,008,860.32
Trademark rights	商標使用權	4,617,999,346.00	32,100.00	-	59,735,600.00	-	(207,474,950.00)	4,470,292,096.00
Licence	特許權	568,578,950.34	42,655,386.00	-	49,504,142.00	(30,854,132.00)	(24,402,860.06)	605,481,486.28
Land use rights	土地使用權	1,542,535,567.25	134,692,525.55	-	-	(150,694,197.49)	(526,196.22)	1,526,007,699.09
Orders on hand	在手訂單	277,954,012.94	-	-	-	-	(8,561,756.49)	269,392,256.45
Customer relationship	客戶關係	5,071,859,706.56	-	-	60,548,282.00	(1,771,230.00)	(232,590,576.07)	4,898,046,182.49
Software	軟件	216,838,054.81	63,426,379.70	-	-	(1,542,091.35)	(4,079,424.12)	274,642,919.04
Others	其他	1,673,235,406.30	298,684,946.00	29,851,041.32	5,153,932.00	(294,252,842.32)	(79,945,505.64)	1,632,726,977.66
		15,143,929,596.98	539,651,281.19	180,496,681.47	174,941,956.00	(481,024,643.16)	(589,396,395.15)	14,968,598,477.33
		Opening balance 年初餘額	Provision 計提			Disposals or retirements 處置或報廢	Adjustment for exchange differences 匯兌差額調整	Closing balance 年末餘額
Less: Accumulated amortization	減：累計攤銷							
Technology know-how	專有技術	423,409,858.86	137,699,943.11			(715,438.00)	2,059,887.06	562,454,251.03
Trademark rights	商標使用權	16,788,050.80	2,378,006.04			-	428,070.40	19,594,127.24
Licence	特許權	76,878,530.64	142,597,424.96			(26,742,100.00)	1,473,246.80	194,207,102.40
Land use rights	土地使用權	153,232,082.38	32,757,896.12			(12,576,224.72)	-	173,413,753.78
Orders on hand	在手訂單	55,126,706.40	19,733,586.00			-	2,370,959.60	77,231,252.00
Customer relationship	客戶關係	312,945,082.20	439,494,258.00			(847,412.00)	3,885,953.40	755,477,881.60
Software	軟件	71,094,045.45	20,104,777.57			(1,092,713.57)	(941,625.77)	89,164,483.68
Others	其他	191,983,489.34	321,183,040.00			(263,836,308.32)	(12,654,557.76)	236,675,663.26
		1,301,457,846.07	1,115,948,931.80			(305,810,196.61)	(3,378,066.27)	2,108,218,514.99
		Opening balance 年初餘額	Increase during the year 本年增加			Decrease during the year 本年減少	Adjustment for exchange differences 匯兌差額調整	Closing balance 年末餘額
Less: Provision for impairment	減：減值準備							
Technology know-how	專有技術	-	-			-	-	-
Trademark rights	商標使用權	-	-			-	-	-
Licence	特許權	-	-			-	-	-
Land use rights	土地使用權	-	-			-	-	-
Orders on hand	在手訂單	-	-			-	-	-
Customer relationship	客戶關係	-	-			-	-	-
Software	軟件	-	-			-	-	-
Others	其他	-	28,284,112.00			(28,284,112.00)	-	-
		-	28,284,112.00			(28,284,112.00)	-	-
Net carrying amount	賬面淨值							
Technology know-how	專有技術	751,518,693.92						729,554,609.29
Trademark rights	商標使用權	4,601,211,295.20						4,450,697,968.76
Licence	特許權	491,700,419.70						411,274,383.88
Land use rights	土地使用權	1,389,303,484.87						1,352,593,945.31
Orders on hand	在手訂單	222,827,306.54						192,161,004.45
Customer relationship	客戶關係	4,758,914,624.36						4,142,568,300.89
Software	軟件	145,744,009.36						185,478,435.36
Others	其他	1,481,251,916.96						1,396,051,314.40
		13,842,471,750.91						12,860,379,962.34

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Intangible assets (continued)
2014

五、合併財務報表主要項目註釋(續)

18. 無形資產(續)
2014年

		Opening balance	Addition	Business combinations not involving entities under common control 非同一控制下企業合併	Disposals and retirements balance	Adjustment of exchange differences 匯兌差額調整	Closing
		年初餘額	購置				年末餘額
Gross carrying amount	資產原價						
Technology know-how	專有技術	397,946,054.86	24,403.56	884,765,656.20	-	(107,807,561.84)	1,174,928,552.78
Trademark rights	商標使用權	226,203,400.00	559,380.00	4,935,428,783.40	-	(544,192,217.40)	4,617,999,346.00
Licence	特許權	61,396,024.64	59,578,907.20	517,602,641.40	(676,292.30)	(69,322,330.60)	568,578,950.34
Land use rights	土地使用權	1,376,361,556.58	183,647,578.50	-	(12,200,760.00)	(5,272,807.83)	1,542,535,567.25
Orders on hand	在手訂單	312,238,546.98	1,628,213.66	-	-	(35,912,747.70)	277,954,012.94
Customer relationship	客戶關係	415,598,699.70	1,618,327.19	5,293,240,213.80	-	(638,597,534.13)	5,071,859,706.56
Software	軟件	125,687,552.10	27,936,228.92	79,824,251.40	-	(16,609,977.61)	216,838,054.81
Others	其他	9,625,222.83	170,134,731.47	1,689,027,098.40	(18,479,890.80)	(177,071,755.60)	1,673,235,406.30
		2,925,057,057.69	445,127,770.50	13,399,888,644.60	(31,356,943.10)	(1,594,786,932.71)	15,143,929,596.98
		Opening balance	Addition	Business combinations not involving entities under common control 非同一控制下企業合併	Disposals and retirements	Adjustment of exchange differences	Closing
		年初餘額	計提		處置或報廢	匯兌差額調整	年末餘額
Less: Accumulated amortization	減：累計攤銷						
Technology know-how	專有技術	352,052,941.15	78,660,452.74	-	-	(7,303,535.03)	423,409,858.86
Trademark rights	商標使用權	15,562,372.69	1,330,245.61	-	-	(104,567.50)	16,788,050.80
Licence	特許權	6,197,346.24	78,011,769.30	-	-	(7,330,584.90)	76,878,530.64
Land use rights	土地使用權	128,698,867.23	30,030,248.70	-	(965,981.04)	(4,531,052.51)	153,232,082.38
Orders on hand	在手訂單	38,634,332.10	22,855,420.50	-	-	(6,363,046.20)	55,126,706.40
Customer relationship	客戶關係	53,670,487.50	290,068,285.95	-	-	(30,793,691.25)	312,945,082.20
Software	軟件	54,711,074.68	15,879,649.95	-	-	503,320.82	71,094,045.45
Others	其他	2,098,326.61	207,784,698.10	-	-	(17,899,535.37)	191,983,489.34
		651,625,748.20	724,620,770.85		(965,981.04)	(73,822,691.94)	1,301,457,846.07
Net carrying amount	賬面淨值						
Technology know-how	專有技術	45,893,113.71					751,518,693.92
Trademark rights	商標使用權	210,641,027.31					4,601,211,295.20
Licence	特許權	55,198,678.40					491,700,419.70
Land use rights	土地使用權	1,247,662,689.35					1,389,303,484.87
Orders on hand	在手訂單	273,604,214.88					222,827,306.54
Customer relationship	客戶關係	361,928,212.20					4,758,914,624.36
Software	軟件	70,976,477.42					145,744,009.36
Others	其他	7,526,896.22					1,481,251,916.96
		2,273,431,309.49					13,842,471,750.91

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Intangible assets (continued)

As at 31 December 2015, intangible assets generated from internal R&D accounted for 1.4% (31 December 2014: 0.1%) of the closing carrying amount of intangible assets.

As at 31 December 2015, the title to intangible assets with a carrying amount of RMB43,997,456.41 (31 December 2014: RMB44,940,259.09) was under restriction, namely the pledge of the Group's land use rights with a carrying amount of RMB43,997,456.41 to secure its bank borrowings of RMB29,000,000.00.

The trademarks are renewable every 10 years at minimal cost. The management of the Group are of the opinion that the Group has both the intention and ability to renew the trademarks continuously. As a result, the useful life of the trademarks is considered by the management of the Group as indefinite because the trademarks are expected to contribute to the Group's net cash inflows indefinitely. The trademarks will not be amortised until their useful life is determined to be finite. Instead the trademarks will be tested for impairment annually and whenever there is an indication that they may be impaired. Particulars of the impairment testing are disclosed in Note V.20.

As at 31 December 2015, the intangible assets for which the Group had not obtained title certificates had a carrying amount of RMB198,847,774.46, for which the Group was in the process of applying (31 December 2014: RMB226,282,458.14).

五、合併財務報表主要項目註釋(續)

18. 無形資產(續)

於2015年12月31日，通過內部研發形成的無形資產佔無形資產年末賬面價值的比例為1.4%(2014年12月31日：0.1%)。

於2015年12月31日，賬面價值人民幣43,997,456.41元(2014年12月31日：人民幣44,940,259.09元)無形資產所有權受到限制，系本集團以賬面價值為人民幣43,997,456.41元的土地使用權為抵押，取得銀行借款人民幣29,000,000.00元。

商標每十年須按最低成本重續一次。本集團管理層認為，本集團有意且有能力不斷重續該等商標。預計該等商標將可永久為本集團產生現金流入淨額，故此，本集團管理層認為該等商標擁有永久可使用年限。除非該等商標的可使用年限被認為有限，否則不會進行攤銷。相反，商標將會每年及每當有跡象顯示存在減值時進行減值測試。減值測試詳情於附註五、20披露。

於2015年12月31日，本集團尚未辦妥產權證書的無形資產賬面價值為人民幣198,847,774.46元，還在辦理產權證的過程中(2014年12月31日：人民幣226,282,458.14元)。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

19. Expenditure on development

Capitalization of expenditure on development starts when the development stage is reached. Capitalized expenditure on development of the Group is presented as follows:

2015

		Opening balance	Increase during the year	Decrease during the year		Closing balance
		年初餘額	本年增加	本年減少		年末餘額
			Internal R&D	Recognition of intangible assets	Other decrease	
			內部開發	確認無形資產	其他減少	
HX complete vehicle external flow field analysis and optimization project	HX整車外流場分析及優化項目	3,457,277.33	9,728,356.84	-	-	13,185,634.17
Improvement project on driver's cabin	駕駛室改進項目	8,190,188.69	33,414,089.78	(16,173,935.63)	-	25,430,342.84
Hydraulics project	液壓項目	400,216,608.00	39,883,932.00	(134,471,704.52)	(69,922,670.40)	235,706,165.08
Others	其他	121,842,316.74	99,755,349.46	(29,851,041.32)	-	191,746,624.88
		533,706,390.76	182,781,728.08	(180,496,681.47)	(69,922,670.40)	466,068,766.97

2015年

19. 開發支出

當開發支出達到開發階段的時候開始資本化，本集團資本化的開發支出如下：

2014

		Opening balance	Increase during the year	Decrease during the year		Closing balance
		年初餘額	本年增加	本年減少		年末餘額
			Internal R&D	Recognition of intangible assets	Other decrease	
			內部開發	確認無形資產	其他減少	
HX complete vehicle external flow field analysis and optimization project	HX整車外流場分析及優化項目	3,457,277.33	-	-	-	3,457,277.33
Improvement project on driver's cabin	駕駛室改進項目	6,190,188.69	2,000,000.00	-	-	8,190,188.69
Hydraulics project	液壓項目	450,057,556.20	54,372,271.30	-	(104,213,219.50)	400,216,608.00
Others	其他	37,713,840.12	96,418,171.02	(12,289,694.40)	-	121,842,316.74
		497,418,862.34	152,790,442.32	(12,289,694.40)	(104,213,219.50)	533,706,390.76

2014年

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Goodwill
2015

五、合併財務報表主要項目註釋(續)

20. 商譽
2015年

		Opening balance	Increase during the year Business combination not involving entities under common control 本年增加非同一控制下企業合併	Decrease during the year	Decrease during the year Adjustment of exchange differences	Closing balance
		年初餘額		本年減少	匯兌差額調整	年末餘額
Merger with TAGC	合併湘火炬	537,908,504.02	-	(334,767.56)	-	537,573,736.46
Merger with KION GROUP AG	合併KION GROUP AG	6,445,375,994.17	-	-	(311,566,273.45)	6,133,809,720.72
Merger with Egemin Automation Inc.	合併Egemin Automation Inc.	-	341,042,811.30	-	21,280,671.90	362,323,483.20
Merger with Linde Hydraulics GmbH & Co. KG	合併林德液壓合夥企業	790,769,978.99	-	-	(38,225,427.92)	752,544,551.07
		7,774,054,477.18	341,042,811.30	(334,767.56)	(328,511,029.47)	7,786,251,491.45

2014

2014年

		Opening balance	Increase during the year Business combination not involving entities under common control 本年增加非同一控制下企業合併	Decrease during the year	Decrease during the year Adjustment of exchange differences	Closing balance
		年初餘額		本年減少	匯兌差額調整	年末餘額
Merger with TAGC	合併湘火炬	537,908,504.02	-	-	-	537,908,504.02
Merger with KION GROUP AG	合併KION GROUP AG	-	7,234,678,778.09	-	(789,302,783.92)	6,445,375,994.17
Merger with Linde Hydraulics GmbH & Co. KG	合併林德液壓合夥企業	892,941,329.49	-	-	(102,171,350.50)	790,769,978.99
		1,430,849,833.51	7,234,678,778.09	-	(891,474,134.42)	7,774,054,477.18

The closing balance as at 31 December 2015 represented goodwill arising from mergers with TAGC, Linde Hydraulics GmbH & Co. KG, KION GROUP AG and Egemin Automation Inc.

2015年12月31日年末餘額為合併湘火炬、林德液壓合夥企業、KION GROUP AG和Egemin Automation Inc.而產生的商譽。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Goodwill (Continued)

The carrying amount of goodwill and trademark are allocated to the asset groups as follows:

		Carrying amount of goodwill 商譽的賬面金額		Carrying amount of trademark 商標的賬面金額	
		2015 2015年	2014 2014年	2015 2015年	2014 2014年
Asset group unit A	資產組組合A	-	-	116,422,784.00	116,422,784.00
Asset group unit B	資產組組合B	537,573,736.46	537,908,504.02	94,677,740.80	94,677,740.80
Asset group unit C	資產組組合C	752,544,551.07	790,769,978.99	-	-
Asset group unit D	資產組組合D	6,133,809,720.72	6,445,375,994.17	4,178,578,723.96	4,390,110,770.40
Asset group unit E	資產組組合E	362,323,483.20	-	61,018,720.00	-
	合計	7,786,251,491.45	7,774,054,477.18	4,450,697,968.76	4,601,211,295.20

Trademarks related to the manufacturing of diesel engines and major parts of the Group are allocated to asset group unit A: manufacture and sale of diesel engines and related parts.

The goodwill and trademark acquired through the mergers with TAGC are tested for impairment using asset segments as asset groups and are allocated to asset group unit B: major automobile components other than automotive and diesel engines.

The recoverable amount of asset group unit A and B has been determined based on the present value of the expected future cash flows of the asset group, which was determined based on cash flow projection in accordance to the 5-year financial budget approved by the management. The discount rate used for the cash flow projection of asset group unit A and B was the pre-tax rate of 15%. The estimated growth rate of cash flows beyond the 5-year period of 3% was the long-term average growth rate in the industries or regions in which the enterprises operate;

20. 商譽(續)

商譽及商標的賬面金額分配至資產組的情況如下：

本集團生產柴油機及其主要零部件相關的商標分配至資產組組合A：生產及銷售柴油機及相關零部件。

本集團合併湘火炬取得的商譽及商標以資產模塊作為資產組組合進行減值測試，並已經分配至資產組組合B：汽車及柴油機外的主要汽車零部件。

資產組組合A和B的可收回金額按照資產組的預計未來現金流量的現值確定，其預計未來現金流量根據管理層批准的5年期的財務預算為基礎的現金流量預測來確定。資產組組合A、B現金流量預測所用的稅前折現率是15%，5年以後的現金流量的估計長期平均增長率3%為企業所處行業或地區的長期平均增長率；

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Goodwill (Continued)

The goodwill and trademark acquired through the mergers with Linde Hydraulics GmbH & Co. KG are tested for impairment using asset segments as asset groups and are allocated to asset group unit C: manufacture of hydraulic pumps, hydraulic motors, hydraulic valves, gears and other components.

The recoverable amount of asset group unit C has been determined based on the present value of the expected future cash flows of the asset group, which was determined based on cash flow projection in accordance to the 6-year financial budget approved by the management. The discount rate used for the cash flow projection of asset group unit C was the pre-tax rate of 7.04%. The estimated growth rate of cash flows beyond the 6-year period of 2.66% was the long-term average growth rate.

The goodwill and trademark acquired through the mergers with KION GROUP AG are tested for impairment using asset segments as asset groups and are allocated to asset group unit D: forklift trucks production and warehousing technology services.

Regarding the goodwill and trademarks arising from the merger with KION GROUP AG, asset appraisal and apportionment of costs of business combination were completed in 2015. Adjustments have been made to the temporary values of identifiable assets and liabilities as at the date of combination based on the appraised value. The goodwill and trademarks arising from the merger with KION GROUP AG are regarded by the management as asset group unit D for assessing the recoverable amount. The recoverable amount of that asset group unit is determined as the fair value of shares held in KION GROUP AG, i.e. market value as at 31 December 2015, minus the cost of disposal.

The goodwill and trademark acquired through the mergers with Egemin Automation Inc. are tested for impairment using asset segments as asset groups and are allocated to asset group unit E: Automated warehousing and distribution.

五、合併財務報表主要項目註釋(續)

20. 商譽(續)

本集團合併林德液壓合夥企業取得的商譽及商標以資產模塊作為資產組組合進行減值測試，並已經分配至資產組組合C：生產液壓泵、液壓馬達、液壓閥門、齒輪及其它零部件。

資產組組合C的可收回金額按照資產組的預計未來現金流量的現值確定，其預計未來現金流量根據管理層批准的6年期的財務預算為基礎的現金流量預測來確定。資產組組合C現金流量預測所使用的稅前折現率是7.04%，6年以後現金流量估計長期平均增長率2.66%。

本集團合併KION GROUP AG取得的商譽及商標以資產模塊作為資產組組合進行減值測試，並已經分配至資產組組合D：叉車生產及倉庫技術服務。

對於合併KION GROUP AG形成的商譽和商標，已經於2015年完成資產評估工作及企業合併成本分攤，並根據評估值對合併日可辨認資產、負債的暫時性價值進行了調整。管理層將合併KION GROUP AG形成的商譽和商標作為資產組組合D評估其可收回金額。該資產組組合的可收回金額按照所持KION GROUP AG股份的公允價值即2015年12月31日的市值減去處置費用確定。

本集團合併Egemin Automation Inc.的商譽和商標以資產模塊作為資產組組合進行減值測試，並已經分配至資產組組合E：自動化倉儲和配送。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Goodwill (Continued)

Regarding the merger with Egemin Automation Inc., it is used by the management as asset group unit E for assessing the recoverable amount. The recoverable amount has been determined based on the present value of the expected future cash flows of the asset group, which was determined based on cash flow projection in accordance to the 5-year financial budget approved by the management. The discount rate used for the cash flow projection of the asset group unit was the pre-tax rate of 11.3%. The estimated growth rate of cash flows beyond the 5-year period of 1% was the long-term average growth rate.

As at 31 December 2015, the management considered that there was no impairment of value in goodwill or trademark.

21. Long-term prepaid expenses
2015

		Opening balance 年初餘額	Increase during the year 本年增加	Amortization during the year 本年攤銷	Other decrease 其他減少	Closing balance 年末餘額
Industrial mould fee	工裝模具費	71,610,046.80	191,889,571.01	(41,650,208.40)	(5,453,169.22)	216,396,240.19
Industrial equipment fee	工位器具費	52,107,937.89	19,345,462.96	(17,398,298.25)	(1,573,591.59)	52,481,511.01
Expenditure on improvement of fixed assets leased in	租入固定資產 改良支出	45,067,155.01	22,830,355.06	(22,393,291.69)	-	45,504,218.38
		168,785,139.70	234,065,389.03	(81,441,798.34)	(7,026,760.81)	314,381,969.58

2014

		Opening balance 年初餘額	Increase during the year 本年增加	Amortization during the year 本年攤銷	Other decrease 其他減少	Closing balance 年末餘額
Industrial mould fee	工裝模具費	75,827,737.35	25,395,913.70	(29,613,604.25)	-	71,610,046.80
Industrial equipment fee	工位器具費	44,376,961.19	25,606,232.82	(17,875,256.12)	-	52,107,937.89
Expenditure on improvement of fixed assets leased in	租入固定資產 改良支出	38,574,449.88	25,183,901.37	(18,691,196.24)	-	45,067,155.01
		158,779,148.42	76,186,047.89	(66,180,056.61)	-	168,785,139.70

2014年

五、合併財務報表主要項目註釋(續)

20. 商譽(續)

對於合併Egemin Automation Inc.，管理層將其作為資產組組合E評估其可收回金額。其可收回金額按照資產組組合的預計未來現金流量的現值確定，其預計未來現金流量根據管理層批准的5年期的財務預算為基礎的現金流量預測來確定。資產組組合現金流量預測所使用的稅前折現率是11.3%，5年以後現金流量估計長期平均增長率1%。

於2015年12月31日，管理層認為商譽和商標無減值。

21. 長期待攤費用
2015年

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Deferred tax assets/ liabilities

Deferred tax assets and deferred tax liabilities which are not deducted are as follows:

五、合併財務報表主要項目註釋(續)

22. 遞延所得稅資產/負債

未經抵銷的遞延所得稅資產和遞延所得稅負債：

		2015 2015年		2014 2014年	
		Deductible temporary difference 可抵扣 暫時性差異	Deferred tax assets 遞延 所得稅資產	Deductible temporary difference 可抵扣 暫時性差異	Deferred tax assets 遞延 所得稅資產
Deferred tax assets	遞延所得稅資產				
Finance lease payables	融資租賃應付款	8,812,036,414.51	2,462,398,078.03	8,626,517,908.65	2,460,121,573.43
Accruals	預提項目	6,650,208,916.12	1,658,364,068.07	8,205,127,572.90	1,872,716,242.32
Deductible losses	可抵扣虧損	2,922,483,770.02	544,008,711.64	2,214,621,461.31	468,182,838.35
Provision for impairment of assets	資產減值準備	1,746,031,389.71	322,226,206.99	1,952,035,783.31	353,034,644.43
Unrealized profit for internal transactions	內部交易 未實現利潤	882,390,501.60	265,071,424.94	826,234,077.79	225,558,078.94
Fixed assets leased in under finance lease	融資租入固定資產	1,359,512,899.68	262,051,032.10	815,947,051.90	214,687,804.36
Adjustment of fair value upon business combination	企業合併公允價值 調整	631,313,683.67	174,822,445.59	2,793,655,654.07	748,205,694.22
Finance lease receivables	融資租賃應收款	355,754,338.16	86,165,868.44	170,922,530.96	46,410,513.55
Deductible goodwill arising from business combination (before tax)	企業合併可稅前 抵扣商譽	176,812,384.00	54,369,808.08	241,924,936.99	63,654,048.90
Others	其他	520,804,858.59	118,436,488.71	136,528,488.51	19,165,398.03
		24,057,349,156.06	5,947,914,132.59	25,983,515,466.39	6,471,736,836.53

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Deferred tax assets/ liabilities (continued)

五、合併財務報表主要項目註釋(續)

22. 遞延所得稅資產/負債(續)

		2015 2015年		2014 2014年	
		Taxable temporary difference 應納稅 暫時性差異	Deferred tax liabilities 遞延 所得稅負債	Taxable temporary difference 應納稅 暫時性差異	Deferred tax liabilities 遞延 所得稅負債
Deferred tax liabilities	遞延所得稅負債				
Fair value adjustment upon business combination	企業合併的公允價值調整	10,929,461,372.59	3,301,558,059.06	14,020,842,862.01	4,167,562,834.38
Finance lease receivables	融資租賃應收款	5,357,705,380.42	1,431,581,449.36	5,343,848,643.05	1,462,415,940.00
Fixed assets leased in under finance lease	融資租入固定資產	3,849,635,312.86	1,077,092,554.47	3,359,193,121.19	996,843,542.40
Intangible assets generated from internal R&D	內部研發形成無形資產	1,331,022,449.14	395,017,287.41	1,442,073,287.04	427,936,528.80
Amortization of finance expenses for long-term borrowings	長期借款融資費用攤銷	288,187,725.06	88,938,970.57	49,275,678.22	13,516,182.68
Payroll and benefits	職工薪酬福利	139,114,784.47	33,096,137.00	723,745,251.85	183,784,759.43
Amortization of taxable value of trademark rights	商標權計稅價值攤銷	108,892,000.00	16,333,800.60	108,892,000.00	16,333,800.60
Change of fair value of available-for-sale financial assets	可供出售金融資產公允價值變動	59,200,000.00	8,880,000.00	56,400,000.00	8,460,000.00
Prepaid expenses	待攤費用	30,134,509.72	7,437,264.35	59,157,800.21	15,708,949.20
Accounts payable	應付賬款	18,173,693.60	4,791,499.74	230,441,240.37	63,209,396.92
Receivable from related companies	關聯公司應收款	7,101,750.02	2,165,781.21	113,821,181.88	37,469,310.70
Others	其他	1,053,645,583.22	253,986,311.27	53,322,910.34	9,463,018.32
		23,172,274,561.10	6,620,879,115.04	25,561,013,976.16	7,402,704,263.43

Deferred tax assets and deferred tax liabilities are presented in net amount after offsetting:

遞延所得稅資產和遞延所得稅負債以抵銷後的淨額列示：

		2015 2015年		2014 2014年	
		Offset amount 抵銷金額	After offsetting 抵銷後餘額	Offset amount 抵銷金額	After offsetting 抵銷後餘額
Deferred tax assets	遞延所得稅資產	2,795,247,395.54	3,152,666,737.05	3,017,747,723.10	3,453,989,113.43
Deferred tax liabilities	遞延所得稅負債	2,795,247,395.54	3,825,631,719.50	3,017,747,723.10	4,384,956,540.33

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Deferred tax assets/ liabilities (continued)

Deductible temporary difference and deductible losses in respect of deferred tax assets not yet recognized are presented as follows:

		2015	2014
		2015年	2014年
Deductible temporary difference	可抵扣暫時性差異	807,313,990.06	585,388,247.71
Deductible losses	可抵扣虧損	4,113,101,545.78	4,233,704,178.53
		4,920,415,535.84	4,819,092,426.24

Deductible losses in respect of deferred tax assets not yet recognized will fall due in the following years:

		2015	2014
		2015年	2014年
2015	2015年	-	92,223,754.67
2016	2016年	177,447,552.58	222,735,517.76
2017	2017年	358,069,738.73	442,275,490.42
2018	2018年	344,493,565.50	422,588,836.20
2019	2019年	251,978,729.21	229,116,020.69
2020	2020年	653,368,514.08	-
Indefinite	無到期期限	2,327,743,445.68	2,824,764,558.79
		4,113,101,545.78	4,233,704,178.53

Deferred tax related to deductible losses and tax credit is recognized based on profit forecast.

本集團根據盈利預測確認與可抵扣虧損和稅款抵減相關的遞延所得稅。

23. Other non-current assets

23. 其他非流動資產

		2015	2014
		2015年	2014年
Scheme assets under defined benefit scheme	設定受益計劃之計劃資產	214,544,657.60	161,242,261.20
Others	其他	34,010,138.99	11,322,517.80
		248,554,796.59	172,564,779.00

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

24. Short-term loans

24. 短期借款

		2015	2014
		2015年	2014年
Mortgage loans	抵押借款	39,000,000.00	34,000,000.00
Pledged loans	質押借款	380,231,102.40	1,476,231,166.80
Credit loans	信用借款	2,541,877,111.06	1,255,633,235.55
		2,961,108,213.46	2,765,864,402.35

As at 31 December 2015, the above loans carried interest at rates ranging from 0.95% to 7.8% (31 December 2014: 1.73% to 7.8%) per annum.

於2015年12月31日，上述借款的年利率為0.95%~7.8%(2014年12月31日：1.73%~7.8%)。

25. Financial liabilities at fair value through profit or loss for the current period

25. 以公允價值計量且其變動計入當期損益的金融負債

		2015	2014
		2015年	2014年
Derivative financial instruments forward contracts	衍生金融工具 遠期合同	84,255,500.00	76,807,591.20
Cross currency interest rate swap instruments	交叉貨幣利率互換工具	7,759,303.10	-
Total	合計	92,014,803.10	76,807,591.20

26. Notes payable

26. 應付票據

		2015	2014
		2015年	2014年
Bank acceptance bill	銀行承兌匯票	5,134,597,401.53	10,387,172,130.11
Commercial acceptance bills	商業承兌匯票	149,317,676.68	480,511,714.40
Total	合計	5,283,915,078.21	10,867,683,844.51

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

於2015年12月31日，本集團無到期未付的應付票據(2014年12月31日：無)。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Accounts Payable

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

		2015	2014
		2015年	2014年
Accounts payable	應付賬款	14,264,753,447.71	15,922,080,225.78

As at 31 December 2015, the aging analysis of accounts payable based on the invoice date is presented as follows:

		2015	2014
		2015年	2014年
Within 3 months	3個月內	11,553,551,744.40	13,124,950,144.57
3 to 6 months	3至6個月	1,360,496,788.05	1,626,531,903.78
6 months to 1 year	6個月至1年	579,250,791.24	507,083,580.55
Over 1 year	1年以上	771,454,124.02	663,514,596.88
Total	合計	14,264,753,447.71	15,922,080,225.78

As at 31 December 2015, there was no material accounts payable which aged over one year (31 December 2014: nil).

於2015年12月31日，應付賬款基於發票日期的賬齡分析如下：

於2015年12月31日，無賬齡一年以上的重大應付款項(2014年12月31日：無)。

28. Advances from customers

		2015	2014
		2015年	2014年
Advances from customers	預收款項	1,637,474,054.56	1,479,206,814.82

As at 31 December 2015, there was no material advances from customers which aged over one year (31 December 2014: nil).

28. 預收款項

於2015年12月31日，無賬齡一年以上的重大預收款項(2014年12月31日：無)。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

29. Payroll payable
201529. 應付職工薪酬
2015年

		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額
Short-term remuneration	短期薪酬	2,508,586,938.87	11,838,358,641.27	(11,805,216,290.97)	2,541,729,289.17
Post-employment benefits (defined contribution plan)	離職後福利(設定提存計劃)	322,162,328.33	1,808,420,791.55	(1,870,599,737.63)	259,983,382.25
Severance benefits	辭退福利				
Portion due within 1 year	一年內支付的部分	201,584,718.65	159,394,179.30	(120,014,583.92)	240,964,314.03
Other long-term payroll due within 1 year	一年內到期的 其他長期職工薪酬	82,690,059.60	190,739,117.98	(186,569,739.18)	86,859,438.40
		3,115,024,045.45	13,996,912,730.10	(13,982,400,351.70)	3,129,536,423.85

2014

2014年

			Opening balance 年初餘額	Business combination not involving entities under common control 非同一控制下 的企業合併	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額
Short-term remuneration	短期薪酬	1,075,396,894.99	1,380,760,597.20	8,240,839,495.08	(8,188,410,048.40)	2,508,586,938.87	
Post-employment benefits (defined contribution plan)	離職後福利 (設定提存計劃)	40,260,654.82	292,501,442.40	1,694,621,958.52	(1,705,221,727.41)	322,162,328.33	
Severance benefits	辭退福利						
Portion due within 1 year	一年內支付的部分	59,656,201.78	156,634,841.40	18,588,866.30	(33,295,190.83)	201,584,718.65	
Other long-term payroll due within 1 year	一年內到期的 其他長期職工薪酬	-	99,920,923.80	273,913,452.62	(291,144,316.82)	82,690,059.60	
		1,175,313,751.59	1,929,817,804.80	10,227,963,772.52	(10,218,071,283.46)	3,115,024,045.45	

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

29. Payroll payable (continued)

Short-term remuneration is presented as follows:

29. 應付職工薪酬(續)

短期薪酬如下:

2015

2015年

		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額
Salaries, bonuses, allowances and subsidies	工資、獎金、津貼和補貼	2,048,477,621.20	10,186,191,262.27	(10,252,129,672.49)	1,982,539,210.98
Staff welfare	職工福利費	19,981,723.00	274,467,528.49	(278,269,600.98)	16,179,650.51
Social security	社會保險費	8,169,937.38	845,932,319.45	(784,817,147.79)	69,285,109.04
Incl: Medical insurance	其中: 醫療保險費	3,797,634.08	729,264,952.65	(680,176,932.29)	52,885,654.44
Work injury insurance	工傷保險費	448,766.83	58,341,994.44	(46,359,322.73)	12,431,438.54
Maternity insurance	生育保險費	421,484.06	13,375,621.35	(13,454,638.05)	342,467.36
Supplementary medical insurance	補充醫療保險	3,502,052.41	44,949,751.01	(44,826,254.72)	3,625,548.70
Housing funds	住房公積金	13,771,309.97	225,348,315.37	(224,195,314.14)	14,924,311.20
Labor union operating funds and employee education costs	工會經費和職工教育經費	286,743,090.75	90,060,017.77	(42,252,655.89)	334,550,452.63
Other short-term remuneration	其他短期薪酬	131,443,256.57	216,359,197.92	(223,551,899.68)	124,250,554.81
		2,508,586,938.87	11,838,358,641.27	(11,805,216,290.97)	2,541,729,289.17

2014

2014年

		Opening balance 年初餘額	Business combination not involving entities under common control 非同一控制下的企業合併	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額
Salaries, bonuses, allowances and subsidies	工資、獎金、津貼和補貼	792,478,825.67	1,190,261,939.40	7,262,039,905.17	(7,196,303,049.04)	2,048,477,621.20
Staff welfare	職工福利費	15,449,823.84	-	287,094,588.77	(282,562,689.61)	19,981,723.00
Social security	社會保險費	5,593,719.12	-	230,104,423.79	(227,528,205.53)	8,169,937.38
Incl: Medical insurance	其中: 醫療保險費	2,290,806.87	-	153,257,426.72	(151,750,599.51)	3,797,634.08
Work injury insurance	工傷保險費	410,144.18	-	19,290,268.20	(19,251,645.55)	448,766.83
Maternity insurance	生育保險費	381,691.53	-	14,155,167.77	(14,115,375.24)	421,484.06
Supplementary medical insurance	補充醫療保險	2,511,076.54	-	43,401,561.10	(42,410,585.23)	3,502,052.41
Housing funds	住房公積金	8,909,297.68	-	215,170,228.56	(210,308,216.27)	13,771,309.97
Labor union operating funds and employee education costs	工會經費和職工教育經費	251,933,839.78	-	103,038,503.66	(68,229,252.69)	286,743,090.75
Other short-term remuneration	其他短期薪酬	1,031,388.90	190,498,657.80	143,391,845.13	(203,478,635.26)	131,443,256.57
		1,075,396,894.99	1,380,760,597.20	8,240,839,495.08	(8,188,410,048.40)	2,508,586,938.87

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

29. Payroll payable (continued)

Post-employed benefit (defined contribution plan) is presented as follows:

29. 應付職工薪酬(續)

離職後福利(設定提存計劃)如下:

2015

2015年

		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額
Basic pension insurance	基本養老保險	292,500,414.92	1,550,663,469.47	(1,641,042,885.66)	202,120,998.73
Unemployment insurance	失業保險費	1,465,626.36	137,323,299.63	(127,962,347.56)	10,826,578.43
Contribution to pension fund	企業年金繳費	28,196,287.05	120,434,022.45	(101,594,504.41)	47,035,805.09
		322,162,328.33	1,808,420,791.55	(1,870,599,737.63)	259,983,382.25

2014

2014年

		Opening balance 年初餘額	Business combination not involving entities under common control 非同一控制下的企業合併	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額
Basic pension insurance	基本養老保險	13,058,311.03	292,501,442.40	1,567,319,362.34	(1,580,378,700.85)	292,500,414.92
Unemployment insurance	失業保險費	863,276.19	-	29,955,360.93	(29,353,010.76)	1,465,626.36
Contribution to pension fund	企業年金繳費	26,339,067.60	-	97,347,235.25	(95,490,015.80)	28,196,287.05
		40,260,654.82	292,501,442.40	1,694,621,958.52	(1,705,221,727.41)	322,162,328.33

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Payroll payable (continued)

Total remuneration of directors, supervisors, senior manger and chief executives incurred during the year is presented as follows:

		2015	2014
		2015年	2014年
Fees	袍金	697,026.00	765,084.00
Other emolument:	其他薪酬：		
Wages, allowances and non-cash benefits in kind	工資、津貼和非現金利益金額	19,886,600.00	19,678,850.00
Performance-linked bonus (Note)	績效掛鈎獎金(註)	-	-
Equity-settled share option expenses	以權益結算的股份期權費用	-	-
Contribution to pension schemes	養老金計劃供款	567,369.84	461,816.48
Total	合計	21,150,995.84	20,905,750.48

Note: Certain executive directors of the Company are entitled to bonuses, which are determined based on certain percentages of the post-tax profit of the Group.

29. 應付職工薪酬(續)

本年度發生董事、監事、高級管理人員及首席執行官酬金總額情況如下：

註： 本公司的某些執行董事有權取得獎金，該獎金按本集團稅後利潤若干百分比確定。

五、合併財務報表主要項目註釋(續)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Payroll payable (continued)

Remuneration of independent non-executive directors

Fees paid to independent non-executive directors during the year were as follows:

		2015	2014
		2015年	2014年
Mr. Liu Zheng	劉征先生	-	60,000.00
Mr. Li Shihao	李世豪先生	-	60,000.00
Mr. Loh Yih	盧毅先生	144,684.00	142,542.00
Mr. Chu, Howard Ho Hwa	朱賀華先生	72,342.00	142,542.00
Mr. Zhang Zhenhua	張振華先生	120,000.00	120,000.00
Mr. Li Luwen	李錄溫先生	-	60,000.00
Mr. Zhang Zhong	張忠先生	120,000.00	60,000.00
Mr. Wang Gongyong	王貢勇先生	120,000.00	60,000.00
Mr. Ning Xiangdong	寧向東先生	120,000.00	60,000.00
Total	合計	697,026.00	765,084.00

Remuneration of executive directors, non-executive directors and supervisors
2015

執行董事、非執行董事及監事酬金
2015年

		Wages, allowances and non-cash benefits		Performance-linked bonus	Contribution to pension schemes	Total remuneration
		Fees	工資、津貼及非現金利益金額	績效掛鈎獎金	養老金計劃供款	薪酬總額
Executive directors:	執行董事：					
Mr. Tan Xuguang (Note)	譚旭光先生(註)	-	-	-	45,073.62	45,073.62
Mr. Xu Xinyu	徐新玉先生	-	1,615,700.00	-	45,724.86	1,661,424.86
Mr. Li Dakai	李大開先生	-	-	-	-	-
Mr. Sun Shaojun	孫少軍先生	-	1,493,600.00	-	45,724.86	1,539,324.86
Mr. Zhang Quan	張泉先生	-	1,476,700.00	-	45,724.86	1,522,424.86
		-	4,586,000.00	-	182,248.20	4,768,248.20

Note: Mr. Tan Xuguang is the chairman and chief executive officer of the Company.

註：譚旭光先生為本公司董事長及首席執行官。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Payroll payable (continued)

Remuneration of executive directors, non-executive directors and supervisors (continued)
2015 (continued)

五、合併財務報表主要項目註釋(續)

29. 應付職工薪酬(續)

執行董事、非執行董事及監事酬金(續)
2015年(續)

		Fees	Wages, allowances and non-cash benefits	Performance-linked bonus	Contribution to pension schemes	Total remuneration
		袍金	工資、津貼及非現金利益金額	績效掛鈎獎金	養老金計劃供款	薪酬總額
Non-executive directors:	非執行董事：					
Mr. Yeung Sai Hong	楊世杭先生	-	58,300.00	-	-	58,300.00
Mr. Julius G. Kiss	Julius G. Kiss先生	-	50,000.00	-	-	50,000.00
Ms. Han Xiaoqun	韓小群女士	-	50,000.00	-	-	50,000.00
Mr. Jiang Kui	江奎先生	-	100,000.00	-	45,724.86	145,724.86
Mr. Wang Yuepu	王曰普先生	-	100,000.00	-	-	100,000.00
Mr. Gordon Riske	Gordon Riske先生	-	100,000.00	-	-	100,000.00
		-	458,300.00	-	45,724.86	504,024.86
Supervisors:	監事：					
Mr. Sun Chengping	孫承平先生	-	50,000.00	-	-	50,000.00
Mr. Lu Wenwu	魯文武先生	-	896,100.00	-	45,724.86	941,824.86
Ms. Jiang Jianfang	蔣建芳女士	-	100,000.00	-	-	100,000.00
Mr. Ma Changhai	馬常海先生	-	345,800.00	-	43,324.86	389,124.86
		-	1,391,900.00	-	89,049.72	1,480,949.72
Senior management:	高級管理人員：					
Mr. Dai Lixin	戴立新先生	-	904,000.00	-	45,724.86	949,724.86
Mr. Kwong Kwan Tong	鄺焜堂先生	-	1,205,700.00	-	-	1,205,700.00
Mr. Feng Gang	馮剛先生	-	1,187,200.00	-	45,724.86	1,232,924.86
Mr. Tong Dehui	佟德輝先生	-	1,185,100.00	-	45,724.86	1,230,824.86
Mr. Zhou Chongyi	周崇義先生	-	1,344,700.00	-	-	1,344,700.00
Mr. Li Shaohua	李紹華先生	-	1,190,200.00	-	-	1,190,200.00
Ms. Ren Bingbing	任冰冰女士	-	1,185,000.00	-	-	1,185,000.00
Mr. Ding Yingdong	丁迎東先生	-	1,200,400.00	-	45,724.86	1,246,124.86
Mr. Hu Haoyan	胡浩然先生	-	1,806,700.00	-	-	1,806,700.00
Mr. Zhang Jiyuan	張紀元先生	-	827,000.00	-	45,724.86	872,724.86
Ms. Zhang Fusheng	張伏生女士	-	587,700.00	-	21,722.76	609,422.76
Mr. Qian Cheng	錢誠先生	-	826,700.00	-	-	826,700.00
		-	13,450,400.00	-	250,347.06	13,700,747.06

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

29. Payroll payable (continued)

Remuneration of executive directors, non-executive directors and supervisors (continued)
2014

29. 應付職工薪酬(續)

執行董事、非執行董事及監事酬金(續)
2014年

		Fees	Wages, allowances and non-cash benefits 工資、津貼及袍金	Performance-linked bonus 績效掛鈎獎金	Contribution to pension schemes 養老金計劃供款	Total remuneration 薪酬總額
Executive directors:	執行董事：					
Mr. Tan Xuguang (Note)	譚旭光先生(註)	-	-	-	42,675.12	42,675.12
Mr. Xu Xinyu	徐新玉先生	-	1,475,000.00	-	42,675.12	1,517,675.12
Mr. Li Dakai	李大開先生	-	-	-	-	-
Mr. Fang Hongwei	方紅衛先生	-	-	-	-	-
Mr. Sun Shaojun	孫少軍先生	-	1,474,000.00	-	42,675.12	1,516,675.12
Mr. Zhang Quan	張泉先生	-	1,491,000.00	-	42,675.12	1,533,675.12
		-	4,440,000.00	-	170,700.48	4,610,700.48
Non-executive directors:	非執行董事：					
Mr. Chen Xuejian	陳學儉先生	-	35,200.00	-	-	35,200.00
Mr. Yeung Sai Hong	楊世杭先生	-	100,000.00	-	-	100,000.00
Mr. Julius G. Kiss	Julius G. Kiss先生	-	100,000.00	-	-	100,000.00
Ms. Han Xiaoqun	韓小群女士	-	100,000.00	-	-	100,000.00
Mr. Jiang Kui	江奎先生	-	100,000.00	-	35,065.28	135,065.28
Mr. Liu Huisheng	王日普先生	-	50,000.00	-	-	50,000.00
Mr. Gordon Riske	Gordon Riske先生	-	100,000.00	-	-	100,000.00
		-	585,200.00	-	35,065.28	620,265.28
Supervisors:	監事：					
Mr. Sun Chengping	孫承平先生	-	100,000.00	-	-	100,000.00
Mr. Lu Wenwu	魯文武先生	-	798,000.00	-	42,675.12	840,675.12
Ms. Jiang Jianfang	蔣建芳女士	-	100,000.00	-	-	100,000.00
		-	998,000.00	-	42,675.12	1,040,675.12
Senior management:	高級管理人員：					
Mr. Dai Lixin	戴立新先生	-	463,800.00	-	42,675.12	506,475.12
Mr. Kwong Kwan Tong	鄺焜堂先生	-	1,187,850.00	-	-	1,187,850.00
Mr. Feng Gang	馮剛先生	-	1,175,000.00	-	42,675.12	1,217,675.12
Mr. Tong Dehui	佟德輝先生	-	1,182,000.00	-	42,675.12	1,224,675.12
Mr. Zhou Chongyi	周崇義先生	-	1,344,000.00	-	-	1,344,000.00
Mr. Li Shaohua	李紹華先生	-	1,154,000.00	-	-	1,154,000.00
Ms. Ren Bingbing	任冰冰女士	-	1,127,000.00	-	-	1,127,000.00
Mr. Ding Yingdong	丁迎東先生	-	1,131,000.00	-	42,675.12	1,173,675.12
Mr. Hu Haoyan	胡浩然先生	-	1,540,000.00	-	-	1,540,000.00
Ms. Zhang Fusheng	張伏生女士	-	1,475,000.00	-	42,675.12	1,517,675.12
Mr. Qian Cheng	錢誠先生	-	1,876,000.00	-	-	1,876,000.00
		-	13,655,650.00	-	213,375.60	13,869,025.60

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Payroll payable (continued)

Highest payments to employees

The five highest paid employees during the year included three directors or supervisors (2014: two directors or supervisors), details of whose remuneration are set out above. Details of the remuneration of the remaining two (2014: three) non-director and non-supervisor, highest paid employees for the year are as follows:

		2015	2014
		2015年	2014年
Wages, allowances and non-cash benefits	工資、津貼和 非現金利益金額	3,151,400.00	4,891,000.00
Performance-linked bonus	績效掛鈎獎金	-	-
Equity-settled share option expenses	以權益結算的股份期權費用	-	-
Contribution to pension schemes	養老金計劃供款	-	42,675.12
		3,151,400.00	4,933,675.12

The number of non-director and non-supervisor, highest paid employees whose remuneration fell within the following bands is as follows:

		2015	2014
		2015年	2014年
Nil to RMB1,000,000	零至人民幣1,000,000元	-	-
RMB1,000,001 to RMB1,500,000	人民幣1,000,001元 至人民幣1,500,000元	1	-
RMB1,500,001 to RMB2,000,000	人民幣1,500,001元 至人民幣2,000,000元	1	3
RMB2,000,001 to RMB2,500,000	人民幣2,000,001元 至人民幣2,500,000元	-	-

The number of senior management whose remuneration fell within the following bands is as follows:

		2015	2014
		2015年	2014年
Nil to RMB1,000,000	零至人民幣1,000,000元	4	1
RMB1,000,001 to RMB1,500,000	人民幣1,000,001元 至人民幣1,500,000元	7	8
RMB1,500,001 to RMB2,000,000	人民幣1,500,001元 至人民幣2,000,000元	1	2
RMB2,000,001 to RMB2,500,000	人民幣2,000,001元 至人民幣2,500,000元	-	-

五、合併財務報表主要項目註釋(續)

29. 應付職工薪酬(續)

最高僱員薪酬

本年度內五名最高薪酬僱員包括三名董事或監事(2014年:兩名董事或監事),其薪酬詳情已載於上文中,年內餘下兩名(2014年:三名)非董事及非監事的最高僱員的酬金詳情如下:

薪酬介於下列範圍的非董事及非監事最高薪酬僱員的人數如下:

薪酬介於下列範圍的高級管理人員的人數如下:

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

30. Taxes payable

30. 應交稅費

		2015 2015年	2014 2014年
Value-added tax	增值稅	387,408,799.92	545,414,543.50
Corporate income tax	企業所得稅	611,662,615.00	455,432,779.23
Individual income tax	個人所得稅	110,962,586.56	149,201,869.63
Property tax	房產稅	19,330,716.35	15,392,620.75
Stamp duty	印花稅	13,945,062.71	18,890,203.06
Land use tax	土地使用稅	12,852,763.19	12,223,211.16
City construction tax	城建稅	5,498,539.49	20,111,485.28
Business tax	營業稅	879,037.29	2,171,607.95
Other taxes	其他稅項	73,026,577.62	31,118,556.87
		1,235,566,698.13	1,249,956,877.43

31. Interests payable

31. 應付利息

		2015 2015年	2014 2014年
Interests on medium-term notes	中期票據利息	171,841,853.57	147,464,676.86
Interests on borrowings	借款利息	35,172,531.39	39,497,318.39
Others	其他	1,724,133.60	9,349,322.41
		208,738,518.56	196,311,317.66

32. Dividends payable

32. 應付股利

		2015 2015年	2014 2014年
Dividends payable to minority shareholders of subsidiaries	應付子公司少數股東股利	5,129,313.52	34,772,276.45

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

33. Other payables

33. 其他應付款

		2015 2015年	2014 2014年
Sales discount	銷售折讓	885,318,685.01	1,330,329,343.94
Guarantees and deposits	保證金及押金	797,995,777.10	1,008,489,479.46
Payables for purchase of construction and fixed assets	應付工程款及固定資產採購款	607,056,971.96	618,008,074.25
Repair and maintenance expenses	修理維護費	301,297,341.97	226,867,556.88
Technology development expenses	技術開發費	65,985,991.70	91,959,776.93
After-sales expenses	三包費	33,895,086.00	44,894,445.90
Land facility fee and land premiums	土地配套費及土地款	30,865,423.78	30,752,179.33
Others	其他	1,064,489,948.28	884,518,828.82
		3,786,905,225.80	4,235,819,685.51

As at 31 December 2015 and 2014, there was no other payables in significant amount aging over 1 year.

於2015年12月31日及2014年12月31日，無賬齡超過1年的重要其他應付款。

34. Non-current liabilities due within one year

34. 一年內到期的非流動負債

		2015 2015年	2014 2014年
Long-term payable due within one year	一年內到期的長期應付款	2,592,316,462.40	2,888,597,664.00
Medium-term notes due within one year (Note)	一年內到期的中期票據(註)	2,197,925,724.19	-
Long-term borrowings due within one year	一年內到期的長期借款	456,096,323.00	2,745,527,321.20
		5,246,338,509.59	5,634,124,985.20
Include:	其中：		
Credit loans	信用借款	49,666,400.00	149,112,000.00
Guaranteed loans	擔保借款	406,429,923.00	2,596,415,321.20

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

34. Non-current liabilities due within one year (Continued)

34. 一年內到期的非流動負債(續)

Note: As at 31 December 2015, balance of medium-term notes due within one year are listed as follows:

註：於2015年12月31日，一年內到期的中期票據餘額列示如下：

		Face value	Issuing date	Bond period	Issued amount	At the beginning of year	Amortisation	Repayment of principal during the year	At the end of year	Note
		面值	發行日期	債券期限	發行金額	年初餘額	折溢價攤銷	本年償還本金	年末餘額	註
Medium-term notes	中期票據	1,400,000,000.00	2011-7-28	5 years	1,397,340,000.00	1,398,219,228.23	(65,867.84)	-	1,398,153,360.39	(1)
Medium-term notes	中期票據	400,000,000.00	2013-3-21	3 years	398,800,000.00	399,417,545.31	432,369.44	-	399,849,914.75	(2)
Medium-term notes	中期票據	400,000,000.00	2013-5-21	3 years	398,800,000.00	399,420,514.97	501,934.08	-	399,922,449.05	(2)
Total	合計	2,200,000,000.00				2,197,057,288.51	868,435.68	-	2,197,925,724.19	

(1) The Company registered at the National Association of Financial Market Institutional Investors in August 2009 for issuing medium-term notes in a registered amount of RMB2.7 billion to be issued in two tranches. The handling fee was 0.3%. The first tranche, in an aggregate amount of RMB1.3 billion, was issued on 24 August 2009. Its maturity period was 5 years, with a coupon rate of 4.95%. Interest was payable every 12 months. This tranche was due in 2014 and has been repaid. The second tranche of RMB1.4 billion was issued on 28 July 2011 with a maturity period of 5 years. The coupon rate was 5.65% with interest payable every 12 months.

(1) 本公司於2009年8月在中國銀行間市場交易商協會註冊發行中期票據，註冊金額為人民幣27億元，手續費率為千分之三，分兩次發行。第一次於2009年8月24日發行，金額為人民幣13億元，債券期限為5年，票面利率為4.95%，付息頻率為12個月，該筆債券已於2014年到期並已償還。第二次於2011年7月28日發行，金額為人民幣14億元，債券期限為5年，票面利率為5.65%，付息頻率為12個月。

(2) Shaanxi Heavy-duty Motor Co., Ltd., a subsidiary of the Company, registered at the National Association of Financial Market Institutional Investors in February 2013 for issuing medium-term notes in a registered amount of RMB1.4 billion to be issued in two tranches. The handling fee was 0.3%. The first tranche, in an aggregate amount of RMB0.4 billion, was issued on 21 March 2013. Its maturity period was 3 years, with a coupon rate of 5.18%. Interest was payable every 12 months. The second tranche of RMB0.4 billion was issued on 21 May 2013 with a maturity period of 3 years. The coupon rate was 5.03% with interest payable every 12 months. The two tranches will mature on 21 March 2016 and 21 May 2016 respectively.

(2) 本公司之子公司陝西重型汽車有限公司於2013年2月在中國銀行間市場交易商協會註冊發行中期票據，註冊金額為人民幣14億元，手續費率為千分之三，分兩次發行。第一次於2013年3月21日發行，金額為人民幣4億元，債券期限為3年，票面利率為5.18%，付息頻率為12個月。第二次於2013年5月21日發行，金額為人民幣4億元，債券期限為3年，票面利率為5.03%，付息頻率為12個月。該兩筆債券將分別於2016年3月21日和2016年5月21日到期。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

35. Other current liabilities

35. 其他流動負債

		2015 2015年	2014 2014年
Product quality assurance monies	產品質量保證金	1,096,672,498.77	1,131,513,641.97
Deferred income (portion due within one year)	遞延收益(一年內到期部分)	549,123,980.00	634,648,786.80
Others	其他	372,530,176.41	716,202,500.36
		2,018,326,655.18	2,482,364,929.13

36. Long-term borrowings

36. 長期借款

		2015 2015年	2014 2014年
Guaranteed loans	擔保借款	6,488,719,091.25	5,493,684,669.00
Credit loans	信用借款	156,456,255.20	301,987,115.20
Pledged loans	質押借款	638,568,000.00	1,476,208,800.00
		7,283,743,346.45	7,271,880,584.20

Long-term borrowings are classified according to dates of maturity as follows:

長期借款按到期日劃分如下：

		2015 2015年	2014 2014年
Due within 1 year or on demand	1年內到期或隨時要求償付	456,096,323.00	2,745,527,321.20
Due within 2 years	2年內到期	1,527,185,408.20	498,548,999.30
Due within 3 to 5 years (inclusive)	3到5年內到期(含3年和5年)	3,461,260,738.25	5,469,295,712.40
Due over 5 years	5年以上	2,295,297,200.00	1,304,035,872.50
Less: Long-term borrowings classified as due within one year	減：分類為一年內到期的長期借款	456,096,323.00	2,745,527,321.20
		7,283,743,346.45	7,271,880,584.20

As at 31 December 2015, the loans above carried interest at rates ranging from 1.3%~5.535% per annum (31 December 2014: 1.73% to 5.535%).

於2015年12月31日，上述借款的年利率為1.3%~5.535%(2014年12月31日：1.73%~5.535%)。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Long-term borrowings (Continued)

As at 31 December 2015, long-term borrowings include an amount of EUR710,000,000.00 (31 December 2014: EUR1,038,000,000.00) which was provided by the Company to Weichai Power (Hong Kong) International Development Co., Ltd. as a guarantee for its special borrowings from a bank for overseas acquisition, to invest in KION Group AG and Linde Hydraulics GmbH & Co. KG. Among others, EUR15,000,000.00 will be due within one year and has been re-classified as non-current liabilities due within one year.

37. Bonds payable

As at 31 December 2015, balance of bonds payable are listed as follows:

	Face value	Issuing date	Bond period	Issued amount	At the beginning of year	Issued this year	Accrued interest this year	Amortisation	Repaid this year	At the end of year	Note
	面值	發行日期	債券期限	發行金額	年初餘額	本年發行	本年計提利息	折溢攤銷	本年償還	年末餘額	註
Medium-term note	3,303,755,294.40	2013-2-6	7 years	3,298,672,593.95	3,637,524,963.81	-	210,984,750.00	(227,799,307.58)	-	3,409,725,656.23	(1)
Medium-term note	2,544,520,000.00	2015-9-30	5 years	2,522,317,954.03	-	2,522,317,954.03	26,687,379.23	53,485,584.34	-	2,575,803,538.37	(2)
Total	5,848,275,294.40				3,637,524,963.81	2,522,317,954.03	237,672,129.23	(174,313,723.24)	-	5,985,529,194.60	

As at 31 December 2014, balance of bonds payable are listed as follows:

	Face value	Issuing date	Bond period	Issued amount	At the beginning of year	Business combinations not involving common control	Accrued interest this year	Amortisation	Repaid this year	At the end of year	Note
	面值	發行日期	債券期限	發行金額	年初餘額	非同一控制下企業合併	本年計提利息	折溢攤銷	本年償還	年末餘額	註
Medium-term note	1,400,000,000.00	2011-7-28	5 years	1,397,340,000.00	1,398,448,333.33	-	79,100,000.00	(229,105.10)	-	1,398,219,228.23	
Medium-term note	1,300,000,000.00	2009-8-24	5 years	1,280,500,000.00	1,297,272,414.74	-	42,900,000.00	2,727,585.26	(1,300,000,000.00)	-	
Medium-term note	400,000,000.00	2013-3-21	3 years	398,800,000.00	399,084,673.00	-	20,720,000.00	332,872.31	-	399,417,545.31	
Medium-term note	400,000,000.00	2013-5-21	3 years	398,800,000.00	399,053,416.69	-	20,120,000.00	367,098.28	-	399,420,514.97	
Medium-term note	3,303,755,294.40	2013-2-6	7 years	3,298,672,593.95	-	4,130,319,486.60	123,745,194.70	(492,794,522.79)	-	3,637,524,963.81	(1)
Total	6,803,755,294.40				3,493,858,837.76	4,130,319,486.60	286,585,194.70	(489,596,072.04)	(1,300,000,000.00)	5,834,582,252.32	

五、合併財務報表主要項目註釋(續)

36. 長期借款(續)

於2015年12月31日，長期借款中歐元710,000,000.00(2014年12月31日：歐元1,038,000,000.00)為由本公司提供擔保給濰柴動力(香港)國際發展有限公司向銀行借入的境外收購股權專項借款，用於投資KION GROUP AG和林德液壓合夥企業，其中歐元15,000,000.00將在一年內到期，已重分類至一年內到期的非流動負債。

37. 應付債券

於2015年12月31日，應付債券餘額列示如下：

於2014年12月31日，應付債券餘額列示如下：

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Bonds payable (Continued)

- (1) Kion Group AG, a subsidiary of the Company, issued medium-term notes in a registered amount of EUR450 million in Europe in February 2013 before it was acquired. Its maturity period was 7 years, with a coupon rate of 6.75%. The interest was payable every 6 months.
- (2) Weichai International (Hong Kong) Energy Group Co., Ltd., a subsidiary of the Company, issued medium-term notes with registered capital of USD400 million on 30 September 2015, nominal interest rate of 4.125%, maturity of 5 years and with interest payable every six months.

38. Long-term payables

		2015	2014
		2015年	2014年
Government grants for national debt projects	國債項目政府撥款	5,500,000.00	5,500,000.00
Rental payable for sale and leaseback	應付售後租回租賃款	4,382,655,373.60	3,442,198,330.80
Finance lease	融資租賃	2,210,885,605.60	1,727,067,373.20
Other financial liabilities	其他金融負債	5,058,877.60	10,840,442.40
		6,604,099,856.80	5,185,606,146.40
		2015	2014
		2015年	2014年
Long-term payables	長期應付款		
Due within 1 year or on demand	1年內到期或隨時要求償付	2,592,316,462.40	2,888,597,664.00
Due within 2 years	2年內到期	2,667,200,423.20	1,688,681,310.53
Due within 3 to 5 years (inclusive)	3到5年內到期(含3年和5年)	3,639,504,125.60	3,350,049,515.87
Due over 5 years	5年以上	297,395,308.00	146,875,320.00
		9,196,416,319.20	8,074,203,810.40
Less: Long-term payables classified as due within one year	減：分類為一年內到期的長期應付款	2,592,316,462.40	2,888,597,664.00
		6,604,099,856.80	5,185,606,146.40

五、合併財務報表主要項目註釋(續)

37. 應付債券(續)

- (1) 本公司之子公司KION GROUP AG，於2013年2月在歐洲發行註冊資金為4.5億歐元的中期票據，票面利率為6.75%，債券期限為7年，付息頻率為6個月。
- (2) 本公司之子公司濰柴國際(香港)能源集團有限公司，於2015年9月30日發行註冊資金為4億美元的中期票據，票面利率為4.125%，債券期限為5年，付息頻率為6個月。

38. 長期應付款

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

39. Long-term payroll payable

39. 長期應付職工薪酬

		2015 2015年	2014 2014年
Defined benefit obligations	設定受益義務	6,438,405,650.11	6,610,683,877.97
Long-term severance benefits	長期辭退福利	117,348,692.36	87,816,669.37
Cash-settled share-based payments	以現金結算的股份支付	106,314,476.80	57,452,853.60
Other long-term payroll payable	其他長期職工薪酬	266,106,385.65	318,030,510.26
		6,928,175,204.92	7,073,983,911.20

Defined benefit obligations

The Group operates defined benefit schemes for its staff in some overseas subsidiaries who meet conditions. The scheme requires that contribution be made to an independently administered fund. Under the scheme, staff are entitled to enjoy retirement benefit provided for under defined benefit of the plans.

The Group's defined benefit scheme is one requiring contribution prior to termination of service. The scheme requires that contribution be made to an independently administered fund. The scheme is administered by an independent trustee in the legal form of a fund. The assets held under the fund is held separately with assets of the Group. The trustee is responsible for the investment strategies of the scheme.

The trustee assesses the level of capital of the scheme. The assessment includes asset-liabilities matching strategies and investment risk management strategies. The trustee determines the amount to be deployed based on the result of its annual assessment. The investment portfolio is composed of 19% equity instrument investment, 67% debt instrument investment, 7% insurance business and 2% real estate.

The scheme is exposed to interest rate risk, risk of change of anticipated age of beneficiaries of the pension, and risks of the securities market.

The latest actuarial valuation of the assets under the scheme and the present value of the defined benefit obligations are determined by using the projected unit credit method.

設定受益義務

本集團部分境外子公司為符合條件的員工運作若干設定受益計劃，該計劃要求向獨立管理的基金繳存費用。在該計劃下，員工有權享受設定受益計劃約定的退休福利。

本集團的設定受益計劃是離職前薪水退休金計劃，該計劃要求向獨立管理的基金繳存費用。該計劃以基金為法律形式，並由獨立受托人進行管理，其持有的資產與本集團的資產單獨分開。受托人負責確定該計劃的投資策略。

受托人審核計劃的資金水平。該審核包括資產－負債匹配策略和投資風險管理策略。受托人根據年度審核的結果決定應繳存額。投資組合由19%的權益工具投資、67%的債務工具投資、7%的保險業務和2%的房地產等混合而成。

該計劃受利率風險、退休金受益人的預期壽命變動風險和證券市場風險的影響。

該計劃資產的最近精算估值和設定受益義務的現值使用預期累積福利單位法確定。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Long-term payroll payable (Continued)

Defined benefit obligations (Continued)

The following table sets out the key actuarial assumptions used as at the balance sheet date:

		2015 2015年	2014 2014年
Discount rate (%)	折現率(%)	1.61%-3.75%	1.79%-3.85%
Expected growth rate of future pension expenses (%)	預期未來退休金費用增長率(%)	0.42%-3.35%	0.42%-3.35%
Expected rate of salary increment (%)	預期薪金增長率(%)	2.50%-4.25%	2.49%-4.25%

The actuarial valuation illustrates that the market value of assets under the scheme is RMB4,497,117,081.86 (31 December 2014: RMB4,547,670,440.92). Such actuarial valuation of assets accounts for 61.53% of the benefit provided for qualifying staff.

The following table shows the quantitative sensitivity analysis of key assumptions used:

2015

		Increase/(decrease) of defined benefit		Increase/(decrease) of defined benefit	
		Increase	obligations	Decrease	obligations
		增加	增加/(減少)	減少	增加/(減少)
Discount rate	折現率	1.00%	(1,566,918,158.40)	1.00%	2,090,501,347.20
Future growth of salary	未來薪金增長	0.50%	115,091,239.20	0.50%	(123,342,956.80)
Future growth of pension expenses	未來退休金費用增長	0.25%	274,236,575.20	0.25%	(263,068,730.40)

2014

		Increase/(decrease) of defined benefit		Increase/(decrease) of defined benefit	
		Increase	obligations	Decrease	obligations
		增加	增加/(減少)	減少	增加/(減少)
Discount rate	折現率	1.00%	(1,960,450,738.02)	1.00%	2,620,427,445.54
Future growth of salary	未來薪金增長	0.50%	165,088,966.16	0.50%	(171,223,866.20)
Future growth of pension expenses	未來退休金費用增長	0.25%	348,614,880.20	0.25%	(293,643,062.34)

五、合併財務報表主要項目註釋(續)

39. 長期應付職工薪酬(續)

設定受益義務(續)

下表為資產負債表日所使用的主要精算假設：

精算估值顯示計劃資產的市值為人民幣4,497,117,081.86元(2014年12月31日：人民幣4,547,670,440.92元)，且這些資產的精算價值佔為符合條件員工計提的福利的61.53%。

下表為所使用的重大假設的定量敏感性分析：

2015年

2014年

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Long-term payroll payable (Continued)

Defined benefit obligations (Continued)

The aforesaid sensitivity analysis is the judgment made to the effect on the net amount of defined benefit based on the reasonable changes occurring on the balance sheet date upon certain key assumptions. Sensitivity analysis is conducted based on the changes in significant assumptions with all other assumptions remaining unchanged. Since the changes in assumptions are not independent from each other, sensitivity analysis may not represent the actual changes in the defined benefit obligations.

Scheme recognized in the income statement is set out below:

		2015 2015年	2014 2014年
Current cost of service	當期服務成本	245,464,538.01	115,466,971.29
Historical cost of service	過去服務成本	-	19,384,560.00
Interest expenses	利息淨額	129,291,078.54	95,881,939.77
Net amount of the cost of post-employment benefit	離職後福利成本淨額	374,755,616.55	230,733,471.06
Credited to cost of sales	計入營業成本	144,379,556.00	87,224,182.74
Credited to distribution and selling expenses	計入銷售費用	44,016,802.00	21,091,892.40
Credited to general and administrative expenses	計入管理費用	57,068,180.01	26,535,456.15
Credited to financial expenses	計入財務費用	129,291,078.54	95,881,939.77
		374,755,616.55	230,733,471.06

The change in present value of defined benefit scheme obligations are as follows:

		2015 2015年	2014 2014年
1 January	1月1日	10,997,112,057.69	661,899,026.85
Business combinations not involving entities under common control	非同一控制下的企業合併	-	9,187,804,281.60
Cost of services	服務成本	245,464,538.01	134,851,531.29
Interest, net	利息淨額	270,397,939.28	186,752,507.36
Benefits paid	已支付的福利	(277,765,134.83)	(138,612,473.26)
Actuarial (losses)/gains	精算(損失)/利得	(217,770,868.27)	1,301,249,554.94
Contribution from employers	僱主繳存	5,226,084.91	176,905.88
Exchange differences of overseas benefit schemes	境外福利計劃匯兌差額	(327,782,664.42)	35,599,244.23
Others	其他	26,096,122.00	(372,608,521.20)
31 December	12月31日	10,720,978,074.37	10,997,112,057.69

五、合併財務報表主要項目註釋(續)

39. 長期應付職工薪酬(續)

設定受益義務(續)

上述敏感性分析，系根據關鍵假設在資產負債表日發生合理變動時對設定受益淨額的影響的推斷。敏感性分析，是在其他假設保持不變的前提下，根據重大假設的變動作出的。由於因為假設的變化往往並非彼此孤立，敏感性分析可能不代表設定受益義務的實際變動。

在利潤表中確認的有關計劃如下：

設定受益計劃義務現值變動如下：

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Long-term payroll payable (Continued)

Defined benefit obligations (Continued)

The change in defined benefit obligations and the change in fair value of assets under the scheme are as follows:

2015

Defined benefit scheme	設定受益計劃	Present value of defined benefit obligations 設定受益計劃義務現值	Fair value of assets under the scheme 計劃資產公允價值	Net liabilities/ (Net assets) 淨負債/ (淨資產)
Opening balance	年初餘額	10,997,112,057.69	(4,547,670,440.92)	6,449,441,616.77
Taken to profit or loss in the current period	計入當期損益			
Cost of services	服務成本	245,464,538.01	-	245,464,538.01
Net interest	利息淨額	270,397,939.28	(141,106,860.74)	129,291,078.54
Credited to other comprehensive income	計入其他綜合收益			
Actuarial gains	精算利得	(194,946,312.27)	-	(194,946,312.27)
Return on assets under the scheme (net of amount included in net interest)	計劃資產回報 (計入利息淨額的除外)	-	97,897,056.56	97,897,056.56
Benefits paid	已支付的福利	(277,765,134.83)	168,561,289.76	(109,203,845.07)
Contribution from employers	僱主繳存	5,226,084.91	(64,991,187.35)	(59,765,102.44)
Other changes	其他變動	(324,511,098.42)	(9,806,939.17)	(334,318,037.59)
Closing balance	年末餘額	10,720,978,074.37	(4,497,117,081.86)	6,223,860,992.51

Note: In 2015, the assets under the scheme amounted in aggregate to RMB214,544,657.60 to be under other non-current assets.

五、合併財務報表主要項目註釋(續)

39. 長期應付職工薪酬(續)

設定受益義務(續)

設定受益義務變動和計劃資產公允價值變動如下：

2015年

註：2015年計劃資產中有共計人民幣214,544,657.60元在其他非流動資產中核算。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

39. Long-term payroll payable (Continued)
Defined benefit obligations (Continued)39. 長期應付職工薪酬(續)
設定受益義務(續)

2014

2014年

Defined benefit scheme	設定受益計劃	Present value of defined benefit scheme obligations 設定受益計劃義務現值	Fair value of assets under the scheme 計劃資產公允價值	Net liabilities/ (Net assets) 淨負債/ (淨資產)
Opening balance	年初餘額	661,899,026.85	(55,411,806.62)	606,487,220.23
Business combinations not involving entities under common control	非同一控制下企業合併	9,187,804,281.60	(4,508,326,764.00)	4,679,477,517.60
Taken to profit or loss in the current period	計入當期損益			
Cost of services	服務成本	134,851,531.29	-	134,851,531.29
Net interest	利息淨額	186,752,507.36	(90,870,567.59)	95,881,939.77
Credited to other comprehensive income	計入其他綜合收益			
Actuarial gains	精算利得	1,301,249,554.94	-	1,301,249,554.94
Return on assets under the scheme (net of amount included in net interest)	計劃資產回報 (計入利息淨額的除外)	-	(242,813,067.40)	(242,813,067.40)
Benefits paid	已支付的福利	(138,612,473.26)	77,285,294.76	(61,327,178.50)
Contribution from employers	僱主繳存	176,905.88	(13,689,364.60)	(13,512,458.72)
Other changes	其他變動	(337,009,276.97)	286,155,834.53	(50,853,442.44)
Closing balance	年末餘額	10,997,112,057.69	(4,547,670,440.92)	6,449,441,616.77(註)

Note: In 2014, the assets under the scheme amounted in aggregate to RMB161,242,261.20 to be under other non-current assets.

註：2014年計劃資產中有共計人民幣161,242,261.20元在其他非流動資產中核算。

Fair value of assets under the scheme is mainly classified as follows:

計劃資產公允價值的主要分類如下：

		2015 2015年	2014 2014年
Stocks	股票	851,068,432.57	896,770,056.54
Bonds	債券	2,999,204,402.94	3,093,643,869.11
Real estates	房地產	69,800,997.07	68,437,050.11
Insurance	保險	312,430,036.80	327,069,716.40
Others	其他	262,168,122.27	161,749,748.76

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Long-term payroll payable (Continued)

Defined benefit obligations (Continued)

The assets under the scheme comprise neither ordinary shares or debentures of the Company nor real estates occupied by the Group.

It is anticipated that the contribution to be made to the defined benefit obligations within the next 12 months will amount to RMB281,374,786.30.

The average term of the defined benefit obligations as at the balance sheet date is 15 to 22 years (31 December 2014: 14 to 22 years).

40. Special payables
2015

		At year- beginning 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	At year-end 年末餘額
Interest subsidy for liquid fund granted by provincial finance office	省財政廳撥付的 流動資金貸款貼息	23,000,000.00	-	-	23,000,000.00
National debt special fund – establishment of key industry revitalization and technological renovation projects	國債專項資金 – 重點產業振興和 技術改造項目建設	20,000,000.00	-	-	20,000,000.00
		43,000,000.00	-	-	43,000,000.00

2014

2014年

		At year- beginning 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	At year-end 年末餘額
Interest subsidy for liquid fund granted by provincial finance office	省財政廳撥付的 流動資金貸款貼息	23,000,000.00	-	-	23,000,000.00
National debt special fund – establishment of key industry revitalization and technological renovation projects	國債專項資金 – 重點產業振興和 技術改造項目建設	30,000,000.00	-	10,000,000.00	20,000,000.00
		53,000,000.00	-	10,000,000.00	43,000,000.00

五、合併財務報表主要項目註釋(續)

39. 長期應付職工薪酬(續)

設定受益義務(續)

計劃資產無本公司普通股、債券，也無由本集團佔用的房地產。

預計未來12個月內將向設定受益義務做出的繳存額為人民幣281,374,786.30元。

資產負債表日的設定受益義務的平均期間是15至22年(2014年12月31日：14至22年)。

40. 專項應付款
2015年

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

41. Provisions
2015

41. 預計負債
2015年

		Opening Balance 年初金額	Increase during year 本年增加	Decrease during year 本年減少	Adjustment for exchange differences 匯兌差額調整	Closing balance 年末餘額
Product quality assurance monies	產品質量保證金	397,271,646.00	120,026,880.00	333,769,192.00	(17,004,990.00)	166,524,344.00
Pending litigation	未決訴訟	-	23,324,668.00	4,681,604.00	116,644.80	18,759,708.80
Guarantee provided to external parties	對外提供擔保	15,358,536.00	13,885,054.00	13,898,946.00	(891,721.60)	14,452,922.40
Debt restructuring	債務重組	-	18,650,010.00	-	400,602.00	19,050,612.00
Losses in contract	虧損合同	4,965,429.60	180,596.00	-	(236,147.20)	4,909,878.40
Others	其他	26,653,770.00	62,604,298.00	25,943,310.00	(834,426.80)	62,480,331.20
		444,249,381.60	238,671,506.00	378,293,052.00	(18,450,038.80)	286,177,796.80

2014

2014年

		Opening Balance 年初金額	Business Combinations not involving entities under common control 非同一控制下 企業合併	Increase during year 本年增加	Decrease during year 本年減少	Adjustment of exchange rates 匯率調整	Closing balance 年末餘額
Product quality assurance monies	產品質量保證金	-	371,124,856.80	56,916,050.40	37,598,590.80	6,829,329.60	397,271,646.00
Guarantee provided to external parties	對外提供擔保	-	16,834,744.80	7,798,557.60	8,357,727.60	(917,038.80)	15,358,536.00
Losses in contract	虧損合同	-	-	4,965,429.60	-	-	4,965,429.60
Others	其他	-	20,167,398.00	6,344,715.60	-	141,656.40	26,653,770.00
		-	408,126,999.60	76,024,753.20	45,956,318.40	6,053,947.20	444,249,381.60

42. Deferred income

42. 遞延收益

		2015 2015年	2014 2014年
Government grant	政府補助	964,214,926.16	856,318,609.33
Deferred income of "sales with risk" business	保留風險銷售業務之 遞延收益	280,267,495.20	271,421,118.00
Deferred income of sale and leaseback sub-leases	售後租回再轉租業務之 遞延收益	802,296,835.20	675,477,360.00
Deferred income of forklift truck services	叉車服務對應之遞延收益	209,854,730.40	167,773,366.80
Others	其他	22,768,496.79	12,771,442.80
		2,279,402,483.75	1,983,761,896.93

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Deferred income (Continued)

As at 31 December 2015, the liability items related to government grant are as follows:

		Opening balance	Increase during the year	Credited to non-operating income during the year	Decrease in changes in scope of consolidation	Closing balance	Related to assets/income
		年初金額	本年新增	本年計入營業外收入	合併範圍變動減少	年末餘額	與資產/收益相關
Land-related government grant	與土地相關的政府補助	704,862,516.67	98,399,700.00	10,927,981.89	32,608,333.38	759,725,901.40	Related to assets 與資產相關
Special funds for industry revitalization and technological renovation	產業振興和技改專項資金	123,366,395.81	41,460,890.00	9,483,514.04	6,399,999.92	148,943,771.85	Related to assets 與資產相關
Special assistance fund	專項補助資金	11,425,779.55	450,000.00	373,000.06	-	11,502,779.49	Related to assets 與資產相關
National debt special fund	國債專項資金	13,945,419.59	-	1,992,202.80	-	11,953,216.79	Related to assets 與資產相關
Position-based allowances for project teams	項目人才團隊崗位津貼等	-	29,473,900.00	-	-	29,473,900.00	Related to income 與收益相關
Others	其他	2,718,497.71	-	103,141.08	-	2,615,356.63	Related to assets 與資產相關
		856,318,609.33	169,784,490.00	22,879,839.87	39,008,333.30	964,214,926.16	

As at 31 December 2014, the liability items related to government grant are as follows:

於2014年12月31日，涉及政府補助的負債項目如下：

		Opening balance	Increase during the year	Credited to non-operating income during the year	Closing balance	Related to assets/income
		年初金額	本年新增	本年計入營業外收入	年末餘額	與資產/收益相關
Land-related government grant	與土地相關的政府補助	526,020,218.96	188,612,566.67	9,770,268.96	704,862,516.67	Related to assets 與資產相關
Special funds for industry revitalization and technological renovation	產業振興和技改專項資金	94,614,132.02	35,768,390.28	7,016,126.49	123,366,395.81	Related to assets 與資產相關
Special assistance fund	專項補助資金	1,747,083.33	10,012,196.25	333,500.03	11,425,779.55	Related to assets 與資產相關
National debt special fund	國債專項資金	15,937,622.39	-	1,992,202.80	13,945,419.59	Related to assets 與資產相關
Others	其他	2,821,638.79	-	103,141.08	2,718,497.71	Related to assets 與資產相關
		641,140,695.49	234,393,153.20	19,215,239.36	856,318,609.33	

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Share capital
2015

五、合併財務報表主要項目註釋(續)

43. 股本
2015年

	Opening balance		Increase(decrease) of shares in current year			Closing balance		
	年初餘額		本年增(減)股數			年末餘額		
	No. of shares	Percentage	Capitalisation of		Others	Sub-total	No. of shares	Percentage
			surplus reserve					
股數	(%)	盈餘公積	轉增資本	其他	小計	股數	(%)	
i. Restricted shares	一. 有限售條件股份							
State-owned legal person shares	410,632,752.00	20.54	410,632,752.00	-	410,632,752.00	821,265,504.00	20.54	
Other domestic shares	56,832,000.00	2.84	56,832,000.00	-	56,832,000.00	113,664,000.00	2.84	
Incl: Domestic non-state-owned legal person shares	其中: 境內非國有法人持股							
Domestic natural person shares	56,832,000.00	2.84	56,832,000.00	-	56,832,000.00	113,664,000.00	2.84	
Overseas shares	-	-	-	-	-	-	-	
Incl: Overseas legal person shares	其中: 境外法人持股							
Overseas natural person shares	-	-	-	-	-	-	-	
	467,464,752.00	23.38	467,464,752.00	-	467,464,752.00	934,929,504.00	23.38	
ii. Non-restricted shares	二. 無限售條件股份							
RMB ordinary Shares	1,046,084,887.00	52.32	1,046,084,887.00	-	1,046,084,887.00	2,092,169,774.00	52.32	
Domestic listed foreign shares	-	-	-	-	-	-	-	
Overseas listed foreign shares	485,760,000.00	24.30	485,760,000.00	-	485,760,000.00	971,520,000.00	24.30	
	1,531,844,887.00	76.62	1,531,844,887.00	-	1,531,844,887.00	3,063,689,774.00	76.62	
iii. Total no. of shares	1,999,309,639.00	100.00	1,999,309,639.00	-	1,999,309,639.00	3,998,619,278.00	100.00	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015 (Expressed in Renminbi Yuan)

財務報表附註(續)

二零一五年十二月三十一日(人民幣元)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Share capital (Continued)

2014

五、合併財務報表主要項目註釋(續)

43. 股本(續)

2014年

	Opening balance		Increase (decrease) of shares in current year			Closing balance	
	年初餘額		本年增(減)股數			年末餘額	
	No. of shares	Percentage	Capitalisation of			No. of shares	Percentage
	股數	(%)	surplus reserve	Others	Sub-total	股數	(%)
			盈餘公積	其他	小計		
			轉增資本				
i. Restricted shares	一. 有限售條件股份						
State-owned legal person shares	427,876,464.00	21.40	-	(17,243,712.00)	(17,243,712.00)	410,632,752.00	20.54
Other domestic shares	114,624,000.00	5.73	-	(57,792,000.00)	(57,792,000.00)	56,832,000.00	2.84
Incl: Domestic non-state-owned legal person shares	其中: 境內非國有法人						
	57,792,000.00	2.89	-	(57,792,000.00)	(57,792,000.00)	-	-
Domestic natural person shares	56,832,000.00	2.84	-	-	-	56,832,000.00	2.84
Overseas shares	-	-	-	-	-	-	-
Incl: Overseas legal person shares	其中: 境外法人持股						
Overseas natural person shares	-	-	-	-	-	-	-
	542,500,464.00	27.13	-	(75,035,712.00)	(75,035,712.00)	467,464,752.00	23.38
ii. Non-restricted shares	二. 無限售條件股份						
RMB ordinary Shares	971,049,175.00	48.57	-	75,035,712.00	75,035,712.00	1,046,084,887.00	52.32
Domestic listed foreign shares	-	-	-	-	-	-	-
Overseas listed foreign shares	485,760,000.00	24.30	-	-	-	485,760,000.00	24.30
	1,456,809,175.00	72.87	-	75,035,712.00	75,035,712.00	1,531,844,887.00	76.62
iii. Total no. of shares	三. 股份總數						
	1,999,309,639.00	100.00	-	-	-	1,999,309,639.00	100.00

On 30 June 2015, the Company decided, based on the total share capital of 1,999,309,639 shares of the Company, to issue 10 shares to all shareholders by capitalisation of surplus reserve for every 10 shares held. As at the 31 December 2015, the total number of ordinary shares issued by the Company was 3,998,619,278.

2015年6月30日，本公司決定以總股本的1,999,309,639為基數，以盈餘公積金向全體股東每10股轉增10股，截至2015年12月31日，本公司發行的普通股總數為3,998,619,278股。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Capital reserve
2015

五、合併財務報表主要項目註釋(續)

44. 資本公積
2015年

		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額
Share premium	股本溢價	1,261,909,166.48	25,320,076.07	(1,287,229,242.55)	-
Other capital reserve	其他資本公積	26,343,772.03	1,539,337.13	-	27,883,109.16
		1,288,252,938.51	26,859,413.20	(1,287,229,242.55)	27,883,109.16

2014

2014年

		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額
Share premium	股本溢價	736,607,704.05	632,905,352.67	(107,603,890.24)	1,261,909,166.48
Other capital reserve	其他資本公積	21,851,183.57	4,492,588.46	-	26,343,772.03
		758,458,887.62	637,397,941.13	(107,603,890.24)	1,288,252,938.51

In 2015, the Company acquired minority interests from Shandong Synergy Oil Co., Ltd., a subsidiary, and its capital reserve increased with share premium of RMB25,320,076.07. For other increase in capital reserve arising from equity-settled share-based payment, please refer to Note XI. Share-based Payment. During the year, as a result of the Company's acquisition of 4.95% minority interests in KION GROUP AG, the capital reserve of the Company reduced by RMB1,100,217,449.41. Due to the exercise of the previously-held put options in relation to minority interests in Linde Hydraulics during the year, capital reserve decreased by RMB186,841,082.04 and surplus reserve decreased by RMB13,280,862.82.

2015年，本公司收購子公司歐潤油品少數股東股權增加資本公積股本溢價人民幣25,320,076.07元；權益結算的股份支付引起的資本公積其他的增加，參見附註十一、股份支付。本年本公司購買KION GROUP AG 4.95%的少數股東股權減少資本公積人民幣1,100,217,449.41元。本公司因原持有的林德液壓少數股東出售期權在本年度行權，沖減資本公積人民幣186,841,082.04元，沖減盈餘公積人民幣13,280,862.82元。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Other comprehensive income

Other comprehensive income, on a cumulative basis, attributable to parent as shown in balance sheet is as follows:

五、合併財務報表主要項目註釋(續)

45. 其他綜合收益

資產負債表中歸屬於母公司的其他綜合收益累計餘額：

		1 January 2014 2014年1月1日	Increase/Decrease 增減變動	31 December 2014 2014年12月31日	Increase/Decrease 增減變動	31 December 2015 2015年12月31日
Changes arising from re-measuring net assets or net liabilities of defined benefit plan	重新計量設定收益計劃淨負債或淨資產變動	9,284,134.70	(408,684,348.84)	(399,400,214.14)	23,664,201.02	(375,736,013.12)
Share of investee's other comprehensive income not to be reclassified into profit or loss using the equity method	權益法下在被投資單位不能重分類進損益的其他綜合收益中享有的份額	(7,196,756.00)	(162,692,384.76)	(169,889,140.76)	5,240,567.93	(164,648,572.83)
Share of investee's other comprehensive income to be reclassified into profit or loss using the equity method	權益法下在被投資單位以後將重分類進損益的其他綜合收益中享有的份額	(38,234,210.00)	64,610,512.58	26,376,302.58	7,779,405.56	34,155,708.14
Change of fair value of available-for-sale financial assets	可供出售金融資產公允價值變動	10,000,000.00	46,400,000.00	56,400,000.00	2,800,000.00	59,200,000.00
Effective portion of cashflow from hedging	現金流量套期的有效部分	-	(6,420,300.47)	(6,420,300.47)	13,089,207.22	6,668,906.75
Exchange differences on foreign currency translation	外幣財務報表折算差額	9,685,893.09	2,877,656.62	12,563,549.71	(158,998,330.14)	(146,434,780.43)
Relevant income tax effect	相關的所得稅影響	(1,500,000.00)	93,383,900.39	91,883,900.39	(7,597,822.68)	84,286,077.71
		(17,960,938.21)	(370,524,964.48)	(388,485,902.69)	(114,022,771.09)	(502,508,673.78)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Other comprehensive income (Continued)

Incurred in current period for other comprehensive income:

2015

五、合併財務報表主要項目註釋(續)

45. 其他綜合收益(續)

利潤表中其他綜合收益當期發生額：

2015年

		Incurring pre-tax	Less: Amount recognised in other comprehensive income in previous period and recognised in profit or loss in current period	Less: income tax	Attributable to parent company	Attributable to minority interests
		稅前發生額	減：前期計入其他綜合收益當期轉入損益	減：所得稅	歸屬母公司	歸屬少數股東權益
Other comprehensive income not to be reclassified into profit or loss	以後不能重分類進損益的其他綜合收益					
Changes arising from re-measuring net assets or net liabilities of defined benefit plan	重新計量設定受益計劃淨負債或淨資產的變動	99,851,671.98	-	32,072,432.56	18,752,496.53	49,026,742.89
Share of investee's other comprehensive income not to be reclassified into profit or loss using the equity method	權益法下在被投資單位不能重分類進損益的其他綜合收益中享有的份額	13,700,831.20	-	-	5,240,567.93	8,460,263.27
Other comprehensive income to be reclassified into profit or loss	以後將重分類進損益的其他綜合收益					
Share of investee's other comprehensive income to be reclassified into profit or loss using the equity method	權益法下在被投資單位以後將重分類進損益的其他綜合收益中享有的份額	2,611,033.60	-	-	7,779,405.56	(5,168,371.96)
Change of fair value of available-for-sale financial assets	可供出售金融資產公允價值變動	2,800,000.00	-	420,000.00	2,380,000.00	-
Effective portion of cashflow from hedging	現金流量套期的有效部分	148,381,917.60	114,161,768.00	5,924,492.00	10,823,089.03	17,472,568.57
Exchange differences on foreign currency translation	外幣報表折算差額	(244,124,974.40)	-	-	(158,998,330.14)	(85,126,644.26)
		23,220,479.98	114,161,768.00	38,416,924.56	(114,022,771.09)	(15,335,441.49)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015 (Expressed in Renminbi Yuan)

財務報表附註(續)

二零一五年十二月三十一日(人民幣元)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Other comprehensive income (Continued)

2014

五、合併財務報表主要項目註釋(續)

45. 其他綜合收益(續)

2014年

		Incurred pre-tax	Less: Amount recognised in other comprehensive income in previous period and recognised in profit or loss in current period 減：前期計入其他綜合收益當期轉入損益	Less: income tax	Attributable to parent company	Attributable to minority interests
		稅前發生額	減：前期計入其他綜合收益當期轉入損益	減：所得稅	歸屬母公司	歸屬少數股東權益
Other comprehensive income not to be reclassified into profit or loss	以後不能重分類進損益的其他綜合收益					
Changes arising from re-measuring net assets or net liabilities of defined benefit plan	重新計量設定受益計劃淨負債或淨資產的變動	(1,039,922,984.29)	-	(301,333,034.20)	(308,340,448.45)	(430,249,501.64)
Share of investee's other comprehensive income not to be reclassified into profit or loss using the equity method	權益法下在被投資單位不能重分類進損益的其他綜合收益中享有的份額	(502,470,666.28)	-	-	(162,692,384.76)	(339,778,281.52)
Other comprehensive income to be reclassified into profit or loss	以後將重分類進損益的其他綜合收益					
Share of investee's other comprehensive income to be reclassified into profit or loss using the equity method	權益法下在被投資單位以後將重分類進損益的其他綜合收益中享有的份額	76,053,965.76	(41,309,151.98)	-	64,610,512.58	52,752,605.16
Change of fair value of available-for-sale financial assets	可供出售金融資產公允價值變動	46,400,000.00	-	6,960,000.00	39,440,000.00	-
Exchange portion of cashflow from hedging	現金流量套期的有效部分	(19,280,181.60)	-	-	(6,420,300.47)	(12,859,881.13)
Exchange differences on foreign currency translation	外幣報表折算差額	(309,971,862.32)	-	-	2,877,656.62	(312,849,518.94)
		(1,749,191,728.73)	(41,309,151.98)	(294,373,034.20)	(370,524,964.48)	(1,042,984,578.07)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

46. Special reserve
201546. 專項儲備
2015年

		At the beginning of year 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	At the end of year 年末餘額
Safety funds	安全生產費	51,026,772.11	78,605,603.31	(50,792,937.86)	78,839,437.56

2014

2014年

		At the beginning of year 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	At the end of year 年末餘額
Safety funds	安全生產費	35,605,889.68	72,481,738.51	(57,060,856.08)	51,026,772.11

47. Surplus reserve
201547. 盈餘公積
2015年

		At the beginning of year 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	At the end of year 年末餘額
Statutory surplus reserve	法定盈餘公積	3,051,742,591.19	168,836,810.85	(2,012,590,501.82)	1,207,988,900.22

2014

2014年

		At the beginning of year 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	At the end of year 年末餘額
Statutory surplus reserve	法定盈餘公積	2,683,223,334.61	368,519,256.58	-	3,051,742,591.19

According to the provisions of Company Law and the articles of association, the Company appropriated statutory surplus reserve at 10% of the net profit. Where the accumulated amount of the statutory surplus reserves reaches 50% or more of the Company's registered capital, additional appropriation is not needed. For movement of surplus reserve, please refer to Note V.43 and 44.

根據公司法和本公司章程的規定，本公司按淨利潤的10%提取法定盈餘公積金。法定盈餘公積累計額為本公司註冊資本50%以上的，可不再提取。盈餘公積的變動參見附註五、43和44。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Retained earnings

五、合併財務報表主要項目註釋(續)

48. 未分配利潤

		2015 2015年	2014 2014年
Retained earnings at end of previous year	上年年末未分配利潤	26,397,531,915.03	22,264,536,818.92
Net profit attributable to shareholders of the parent	歸屬於母公司股東的淨利潤	1,390,576,941.23	5,002,427,212.65
Less: Appropriation of surplus reserves	減：提取盈餘公積	168,836,810.85	368,519,256.58
Dividend payable on ordinary shares in cash	應付普通股現金股利	699,758,373.65	499,827,409.75
Others	其他	880,051.81	1,085,450.21
Retained earnings at year end	年末未分配利潤	26,918,633,619.95	26,397,531,915.03

On 30 June 2015, the 2014 profit distribution scheme was considered and approved on the 2014 annual general meeting. Based on the total share capital of 1,999,309,639 shares of the Company, comprising a total of 1,513,549,639 A Shares and 485,760,000 H Shares, the Company distributed to all shareholders a cash dividend of RMB1.5 (including tax) for every 10 shares held (totaling RMB299,896,445.85) and issued 10 shares to all shareholders by capitalisation of surplus reserve for every 10 shares held. Accordingly, the total issued ordinary shares of the Company changed to 3,998,619,278. On 27 August 2015, the interim profit distribution scheme 2015 was reviewed and approved at the 2nd meeting of the fourth session of the Board, as mandated by the shareholders in general meeting. Based on the 3,998,619,278 shares, comprising 3,027,099,278 A Shares and 971,520,000 H Shares, representing the total share capital of the Company, all shareholders were entitled to cash dividend of RMB1.00 (including tax) for every 10 shares held, totaling RMB399,861,927.80 in cash.

於2015年6月30日，本公司2014年股東周年大會審議通過2014年度利潤分配方案，以本公司總股本1,999,309,639股為基數，其中A股總股份1,513,549,639股，H股總股份485,760,000股，向全體股東按10股派發現金紅利人民幣1.5元(含稅)，共派發現金股利人民幣299,896,445.85元，同時以盈餘公積金向全體股東每10股轉增10股，由此本公司發行的普通股總數變為3,998,619,278股。2015年8月27日，本公司四屆二次董事會根據股東大會的授權，審議通過了2015年中期分紅派息方案以本公司總股份3,998,619,278股為基數(其中A股總股份3,027,099,278股，H股總股份971,520,000股)向全體股東每10股派發現金紅利人民幣1.00元(含稅)，共派發現金股利人民幣399,861,927.80元。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. 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 value of goods sold, after allowances for returns, trade discounts and the value of services rendered; and gross rental income received and receivable from investment properties.

		2015 2015年		2014 2014年	
		Revenue 收入	Cost 成本	Revenue 收入	Cost 成本
Principal operations	主營業務	72,152,831,941.06	55,356,006,065.44	77,321,314,368.87	60,554,272,694.61
Other revenue	其他業務	1,567,083,818.95	1,404,109,999.03	2,315,847,168.26	2,064,637,815.88
		73,719,915,760.01	56,760,116,064.47	79,637,161,537.13	62,618,910,510.49

Revenue is listed as follows:

營業收入列示如下：

		2015 2015年	2014 2014年
Revenue from principal operations	主營業務收入		
Sales of goods and others	銷售商品及其他	55,973,791,981.06	68,277,379,662.47
Forklift truck service	叉車服務	16,179,039,960.00	9,043,934,706.40
		72,152,831,941.06	77,321,314,368.87
Other revenue	其他業務收入		
Sales of materials	銷售材料	879,549,322.57	1,404,176,811.84
Sales of power	銷售動力	32,688,495.82	27,980,908.99
Lease income	租賃收入	64,344,902.05	84,288,504.32
Provision of non-industrial labour	提供非工業勞務	40,947,385.05	36,166,037.74
Others	其他	549,553,713.46	763,234,905.37
		1,567,083,818.95	2,315,847,168.26
		73,719,915,760.01	79,637,161,537.13

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

50. Taxes and surcharges

50. 營業税金及附加

		2015 2015年	2014 2014年
Business tax	營業稅	7,815,133.98	8,209,071.38
City construction tax	城建稅	87,428,194.92	133,540,548.99
Educational surtax	教育費附加	60,418,357.75	96,696,052.78
Others	其他	28,410,801.32	27,639,822.41
		184,072,487.97	266,085,495.56

51. Distribution and selling expenses

51. 銷售費用

		2015 2015年	2014 2014年
Staff costs	員工成本	2,586,424,429.54	1,659,412,948.96
Freight and packaging	運費及包裝費	762,253,844.46	683,837,846.02
Marketing expenses	市場開拓費用	736,362,843.73	700,058,093.65
After-sales and product return fee	三包及產品返修費用	581,607,610.93	1,068,092,870.11
Travel expenses	差旅費	260,929,934.50	194,067,573.39
Lease expenses	租賃費	231,090,426.95	158,378,376.80
Depreciation of fixed asset	固定資產折舊	203,242,742.85	122,935,915.61
Office expenses	辦公費用	109,847,253.03	66,912,608.06
Others	其他	774,410,371.82	438,882,353.04
		6,246,169,457.81	5,092,578,585.64

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

52. General and administrative expenses

52. 管理費用

		2015 2015年	2014 2014年
Staff costs	員工成本	3,205,092,124.42	2,781,085,871.77
Depreciation of fixed assets	固定資產折舊	991,794,420.42	794,985,843.36
External support fee	外部支持費	582,756,660.30	714,541,816.32
Experiment expenses and development expenses	試驗費及開發費用	402,197,166.08	417,949,785.58
Office expenses	辦公費	303,699,949.00	369,616,760.61
Fuels and materials	燃料及材料費	255,645,848.51	144,449,262.69
Taxes	稅金	230,958,543.64	202,627,563.29
Lease expenses	租賃費	136,808,864.31	139,948,846.87
Travel expenses	差旅費	115,483,896.19	110,440,657.26
Repair expenses	修理費	60,733,901.86	55,832,748.86
Transportation charges	運輸費	26,268,936.30	38,397,157.17
Vehicle usage fee	車輛使用費	18,725,818.75	15,637,490.51
Promotional expenses	宣傳推廣費	9,951,273.69	11,137,664.85
Heating expense	採暖費	9,485,674.75	6,261,787.22
Others	其他	824,218,289.13	623,960,390.10
		7,173,821,367.35	6,426,873,646.46

The audit fee in the amount of RMB12,600,000.00 in respect of these financial statements for the year is included in the above general and administrative expenses (2014: RMB11,600,000.00).

本年度財務報表審計費用人民幣12,600,000.00元已包括在上述管理費用中(2014年度:人民幣11,600,000.00元)。

53. Finance expenses

53. 財務費用

		2015 2015年	2014 2014年
Interest expenses	利息支出	1,196,376,512.85	851,439,009.23
Less: interest income	減: 利息收入	912,415,114.05	689,235,642.69
Exchange gains/ losses	匯兌損益	126,066,176.97	(261,001,086.54)
Handling fees and others	手續費及其他	75,809,611.04	121,882,447.66
		485,837,186.81	23,084,727.66

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

53. Finance expenses (Continued)

53. 財務費用(續)

		2015 2015年	2014 2014年
Interest expenses:	利息支出：		
Interest on bank loans, overdrafts and other borrowings wholly repayable within 5 years	5年內須全部償還銀行貸款、透支及其他貸款的利息	809,263,158.93	625,771,846.75
Interest on finance leases	融資租賃的利息	351,780,170.00	194,511,443.20
Other interest	其他利息	35,333,183.92	31,155,719.28
		1,196,376,512.85	851,439,009.23

54. Impairment loss of assets

54. 資產減值損失

		2015 2015年	2014 2014年
Loss from bad debt	壞賬損失	172,610,368.29	91,869,311.01
Loss due to decline in value of inventories	存貨跌價損失	175,513,083.78	136,361,743.09
Impairment loss of fixed assets	固定資產減值損失	6,637,369.07	42,913,426.40
Impairment loss of intangible assets	無形資產減值損失	28,284,112.00	-
Impairment loss of long-term equity investments	長期股權投資減值損失	-	4,254,432.61
Impairment loss of goodwill	商譽減值損失	334,767.56	-
		383,379,700.70	275,398,913.11

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

55. Profit or loss on change of fair value

55. 公允價值變動損益

		2015 2015年	2014 2014年
Financial assets at fair value through profit or loss for the current period	以公允價值計量且其變動計入當期損益的金融資產	(15,593,770.00)	(164,067,807.56)
Incl: derivative financial instruments	其中：衍生金融工具	-	(157,934,637.93)
Forward contract	遠期合約	(15,593,770.00)	(6,133,169.63)
Financial liabilities at fair value through profit or loss for the current period	以公允價值計量且其變動計入當期損益的金融負債	(7,759,303.10)	-
Other non-current liabilities	其他非流動負債	-	7,796,769.15
Incl: Put options in relation to minority interests	其中：與少數股東權益相關的出售期權	-	7,796,769.15
		(23,353,073.10)	(156,271,038.41)

56. Investment gain

56. 投資收益

		2015 2015年	2014 2014年
Investment gain during the period in which the available-for-sale financial assets were held	可供出售金融資產在持有期間取得的投資收益	71,297,634.00	3,920,000.00
Gain on long-term equity investments under the equity method	權益法核算的長期股權投資收益	32,180,889.65	103,753,902.61
Investment gain from disposal of long-term equity investments	處置長期股權投資產生的投資收益	18,720,561.88	-
Profit and loss arising from remeasurement of existing equity interests during the course of business combination	企業合併中對原持有股權重新計量產生的收益	-	1,621,606,047.38
Recognition of loss on disposal corresponding to call and put options	確認購買和出售期權對應的處置損失	-	(115,132,653.00)
Call options in relation to minority interests	與少數股東權益相關的買入期權	-	110,344,703.87
Put options in relation to minority interests	與少數股東權益相關的出售期權	-	(11,733,992.40)
Others	其他	(7,244,466.79)	2,082,629.72
		114,954,618.74	1,714,840,638.18

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Non-operating income

五、合併財務報表主要項目註釋(續)

57. 營業外收入

		2015	2014	Extraordinary profit and loss recognised in the Year 2015
		2015年	2014年	計入2015年度非經常性損益
Government grants	政府補助	228,013,361.56	151,884,398.03	228,013,361.56
Gain on disposal of non-current assets	非流動資產處置利得	66,967,177.83	40,801,757.28	66,967,177.83
Incl: Gain on disposal of fixed assets	其中：固定資產處置利得	31,680,856.56	1,997,562.33	31,680,856.56
Gain on disposal of intangible assets	無形資產處置利得	1,252,463.67	9,364,521.04	1,252,463.67
Gain on disposal of Other non-current assets	其他非流動資產處置利得	34,033,857.60	29,439,673.91	34,033,857.60
Profit from debt restructuring	債務重組利得	11,564,206.75	1,652,014.51	11,564,206.75
Reversal of provision for other liabilities	其他負債撥備轉回	37,543,130.00	83,664,690.80	37,543,130.00
Others	其他	349,535,220.63	231,919,080.65	349,535,220.63
		693,623,096.77	509,921,941.27	693,623,096.77

Government grants charged to profit or loss for the current period are presented as follows:

計入當期損益的政府補助如下：

		2015	2014	Related to assets/income
		2015年	2014年	與資產/收益相關
Income of financial subsidies	財政補貼收入	182,339,291.59	98,376,255.13	Related to income 與收益相關
Government support fund	政府扶持金	1,218,006.00	1,444,250.00	Related to income 與收益相關
Value added tax subject to rebate	先征後返增值稅	20,000,000.00	30,507,214.06	Related to income 與收益相關
Amortization of deferred income	遞延收益攤銷	22,879,839.87	19,215,239.36	Related to assets 與資產相關
Others	其他	1,576,224.10	2,341,439.48	Related to income 與收益相關
		228,013,361.56	151,884,398.03	

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Non-operating income (Continued)

During the year, the government subsidy received by the Company and amortized via deferred income amounted in total to RMB228,013,361.56, including the following:

- (1) During the year, the Company and its subsidiaries received funding in respect of national foreign trade development funds from Financial Office of Hi-tech Zone under Wei Gao Cai Zhi [2015] No. 241, 249 and 418, received sales incentive subsidy from the government of Huainan under Huai Fu Mi [2013] No. 110, and received special funding for smart manufacturing equipment development in 2012 from Xi'an Hi-tech Zone under Shaan Cai Ban Jian [2012] No. 436 and other income including financial subsidies and refund of land use taxes, in a total amount of RMB185,133,521.69.
- (2) During the year, pursuant to Qi Shan Guo Shui Tong [2015] No. 01 and Qi Shan Guo Shui Tong [2015] No. 02, Shaanxi Heavy-duty Motor Company Limited, a subsidiary of the Company, obtained the exemption from value-added tax applicable to special-purpose military vehicles from State Administration of Taxation of Qishan, in a total amount of RMB20,000,000.00;
- (3) During the year, the Company and its subsidiaries amortized, via deferred income, government grants including land refunds and special funds, in a total amount of RMB22,879,839.87.

五、合併財務報表主要項目註釋(續)

57. 營業外收入(續)

本年本公司收到及遞延收益攤銷政府補助共計人民幣228,013,361.56元。其中：

- (1) 本年本公司及子公司根據濰高財指[2015]241號、249號、418號取得濰坊高新區財政局撥付中央外經貿發展專項資金補助，根據淮府秘[2013]110號取得淮南市政府銷售補貼獎勵，根據陝財辦建[2012]436號取得西安高新區撥付2012年智能製造裝備發展專項補助，以及其他各項財政補貼和土地使用稅返還款等撥款收入共計人民幣185,133,521.69元。
- (2) 本年本公司之子公司陝西重型汽車有限公司根據岐山國稅通[2015]01號、岐山國稅通[2015]02號取得岐山國稅局軍用特種車輛免征增值稅共計人民幣20,000,000.00元；
- (3) 本年本公司及子公司遞延收益攤銷各項土地返還款以及專項資金等政府補助共計人民幣22,879,839.87元。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

58. Non-operating expenses

58. 營業外支出

		2015	2014	Extraordinary profit and loss recognised in the Year 2015 計入2015年度非經常性損益
		2015年	2014年	
Loss on disposal of non-current assets	非流動資產處置損失	26,387,889.76	57,486,612.73	26,387,889.76
Incl: Loss on disposal of fixed assets	其中：固定資產處置損失	16,884,281.59	26,066,111.00	16,884,281.59
Loss on disposal of other non-current assets	其他非流動資產處置損失	9,503,608.17	31,420,501.73	9,503,608.17
Loss from debt restructuring	債務重組損失	821,896.00	858,669.17	821,896.00
Donation expenditure	對外捐贈	2,094,000.00	8,055,466.63	2,094,000.00
Others	其他	159,020,480.08	67,872,958.49	159,020,480.08
		188,324,265.84	134,273,707.02	188,324,265.84

59. Expenses by nature

The supplemental information of the Group's cost of sales, distribution and selling expenses, general and administrative expenses which are categorized by nature is as follows:

59. 費用按性質分類

本集團營業成本、銷售費用、管理費用按照性質分類的補充資料如下：

		2015	2014
		2015年	2014年
Materials used	耗用的材料	44,531,104,042.50	50,695,670,883.11
Movement of inventories of finished goods and work in progress	產成品及在產品存貨變動	360,301,056.66	482,115,779.89
Staff remuneration	職工薪酬	14,115,020,400.13	10,362,815,303.81
Depreciation and amortization expenses	折舊費和攤銷費用	5,361,603,296.93	3,921,921,002.93
Rental	租金	294,070,257.26	298,327,223.67
Others	其他	5,518,007,836.15	8,377,512,549.18
		70,180,106,889.63	74,138,362,742.59

60. Income tax expenses

60. 所得稅費用

		2015	2014
		2015年	2014年
Current tax expenses	當期所得稅費用	1,188,673,564.87	1,027,078,081.21
Deferred tax expenses	遞延所得稅費用	(267,927,823.60)	123,165,448.21
		920,745,741.27	1,150,243,529.42

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

60. Income tax expenses (continued)

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

			2015 2015年	2014 2014年
Total profit	利潤總額		3,083,419,871.47	6,868,447,492.23
Tax at statutory tax rate	按法定稅率計算的稅項	註 Note 1	770,854,967.85	1,717,111,873.06
Effect of different tax rates applicable to parent company and some subsidiaries	母公司及某些子公司適用不同稅率的影響	註 Note 2	(165,425,877.05)	(371,156,585.70)
Effect of tax rate adjustment on opening deferred tax	稅率調整對年初遞延稅項之影響		84,538,819.26	-
Effect of difference between effective tax rate and tax rate for deferred tax computation	實際適用稅率與計算遞延稅款所用稅率不同之影響		-	8,294,765.80
Adjustments to current tax of previous periods	對以前期間當期所得稅的調整		180,353,655.69	12,896,556.39
Profit and loss attributable to associates	歸屬於聯營公司的損益		(13,253,600.52)	(31,480,943.75)
Non-taxable income	無須納稅的收入		(50,448,361.09)	(428,787,076.83)
Expenses not deductible for tax	不可抵扣的費用		93,656,818.89	102,158,460.79
Tax incentives on eligible expenditures	由符合條件的支出而產生的稅收優惠		(64,566,747.46)	(152,910,515.99)
Utilization of deductible losses from prior years	利用以前年度的可抵扣虧損		(224,131,825.78)	(33,154,508.33)
Unrecognized deductible losses	未確認的可抵扣虧損		229,920,171.70	250,522,500.94
Effect of unrecognized deductible temporary difference	未確認的可抵扣暫時性差異的影響		56,166,748.96	76,749,003.04
Others	其他		23,080,970.82	-
Tax expense at the Group's effective tax rate	按本集團實際稅率計算的所得稅費用		920,745,741.27	1,150,243,529.42

Note 1: The Company is subject to a statutory tax rate of 25%.

Note 2: The PRC 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.

60. 所得稅費用(續)

所得稅費用與利潤總額的關係列示如下:

			2015 2015年	2014 2014年
Total profit	利潤總額		3,083,419,871.47	6,868,447,492.23
Tax at statutory tax rate	按法定稅率計算的稅項	註 Note 1	770,854,967.85	1,717,111,873.06
Effect of different tax rates applicable to parent company and some subsidiaries	母公司及某些子公司適用不同稅率的影響	註 Note 2	(165,425,877.05)	(371,156,585.70)
Effect of tax rate adjustment on opening deferred tax	稅率調整對年初遞延稅項之影響		84,538,819.26	-
Effect of difference between effective tax rate and tax rate for deferred tax computation	實際適用稅率與計算遞延稅款所用稅率不同之影響		-	8,294,765.80
Adjustments to current tax of previous periods	對以前期間當期所得稅的調整		180,353,655.69	12,896,556.39
Profit and loss attributable to associates	歸屬於聯營公司的損益		(13,253,600.52)	(31,480,943.75)
Non-taxable income	無須納稅的收入		(50,448,361.09)	(428,787,076.83)
Expenses not deductible for tax	不可抵扣的費用		93,656,818.89	102,158,460.79
Tax incentives on eligible expenditures	由符合條件的支出而產生的稅收優惠		(64,566,747.46)	(152,910,515.99)
Utilization of deductible losses from prior years	利用以前年度的可抵扣虧損		(224,131,825.78)	(33,154,508.33)
Unrecognized deductible losses	未確認的可抵扣虧損		229,920,171.70	250,522,500.94
Effect of unrecognized deductible temporary difference	未確認的可抵扣暫時性差異的影響		56,166,748.96	76,749,003.04
Others	其他		23,080,970.82	-
Tax expense at the Group's effective tax rate	按本集團實際稅率計算的所得稅費用		920,745,741.27	1,150,243,529.42

註1: 本公司法定稅率為25%。

註2: 本集團在中國境內所得稅按取得的估計應納稅所得額及適用稅率計提。源於其他地區應納稅所得的稅項根據本集團經營所在國家的現行法律、解釋公告和慣例，按照適用稅率計算。

由於本集團於年內在香港並無應稅利潤，故未作出香港利得稅的撥備。

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

61. Earnings per share (EPS)

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

The calculation of basic EPS is detailed as follows:

		2015 2015年	2014 2014年
Earnings	收益		
Net profit of the current period attributable to ordinary shareholders of the Company	歸屬於本公司普通股股東的當年淨利潤	1,390,576,941.23	5,002,427,212.65
Shares	股份		
Weighted average number of the ordinary shares outstanding of the Company	本公司發行在外普通股的加權平均數	3,998,619,278.00	3,998,619,278.00
EPS (RMB/share)	每股收益(元/股)	0.35	1.25 (註 Note 1)

The Company holds no potential shares that are significantly 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 had completed as of the balance sheet date. 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 3,998,619,278.00 shares.

62. Notes to items in cash flow statement

Other cash received relating to operating activities

		2015 2015年	2014 2014年
Government grants	政府補助	205,133,521.69	132,669,158.67
Interest income	利息收入	1,018,521,982.52	570,428,413.85
Others	其他	236,081,719.18	565,562,364.56
		1,459,737,223.39	1,268,659,937.08

五、合併財務報表主要項目註釋(續)

61. 每股收益

基本每股收益按照歸屬於本公司普通股股東的當期淨利潤，除以發行在外普通股的加權平均數計算。

基本每股收益的具體計算如下：

		2015 2015年	2014 2014年
Earnings	收益		
Net profit of the current period attributable to ordinary shareholders of the Company	歸屬於本公司普通股股東的當年淨利潤	1,390,576,941.23	5,002,427,212.65
Shares	股份		
Weighted average number of the ordinary shares outstanding of the Company	本公司發行在外普通股的加權平均數	3,998,619,278.00	3,998,619,278.00
EPS (RMB/share)	每股收益(元/股)	0.35	1.25 (註 Note 1)

本集團無重大稀釋性潛在股。

註1：根據本公司2014年股東周年大會審議通過2014年度利潤分配方案，該等盈餘公積轉增股本於資產負債表日已完成，根據企業會計準則，本公司以調整後的股數3,998,619,278.00股重新計算各列報期間的每股收益。

62. 現金流量表項目註釋

收到的其他與經營活動有關的現金

		2015 2015年	2014 2014年
Government grants	政府補助	205,133,521.69	132,669,158.67
Interest income	利息收入	1,018,521,982.52	570,428,413.85
Others	其他	236,081,719.18	565,562,364.56
		1,459,737,223.39	1,268,659,937.08

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

62. Notes to items in cash flow statement (Continued)

62. 現金流量表項目註釋(續)

Other cash paid relating to operating activities

支付的其他與經營活動有關的現金

		2015 2015年	2014 2014年
Marketing and external support fee	市場開拓費及外部支持費	1,329,070,777.70	1,371,145,304.82
After-sales and product return fee	三包及產品返修	453,745,367.27	844,213,728.69
Freight and packaging	運費及包裝	780,979,663.21	736,937,183.10
Office expenses	辦公費	413,547,202.03	436,529,368.67
Travel expenses	差旅費	376,413,830.69	304,508,230.65
Cash settlement of confirmation business	保兌倉業務現金平倉	2,829,023,037.08	2,630,808,249.17
Others	其他	1,496,148,853.47	895,986,620.79
		7,678,928,731.45	7,220,128,685.89

Other cash received relating to investing activities

收到其他與投資活動有關的現金

		2015 2015年	2014 2014年
Land-related and asset-related government grants	與土地和資產相關的政府補助	64,828,590.00	192,448,456.93
Net cash received from acquisition of subsidiaries and other business units	取得子公司及其他營業單位收到的現金淨額	-	1,098,926,098.90
	Note V. 64 附註五、64		
		64,828,590.00	1,291,374,555.83

Other cash paid relating to investing activities

支付其他與投資活動有關的現金

		2015 2015年	2014 2014年
Loans	拆借款	26,165,200.27	-
Others	其他	24,568,002.00	3,456,179.58
		50,733,202.27	3,456,179.58

Other cash received relating to financing activities

收到其他與籌資活動有關的現金

		2015 2015年	2014 2014年
Bill financing	票據融資	20,000,000.00	-
Others	其他	142,208,242.00	20,459,879.10
		162,208,242.00	20,459,879.10

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

62. Notes to items in cash flow statement (Continued)

62. 現金流量表項目註釋(續)

Other cash paid relating to financing activities

支付其他與籌資活動有關的現金

	2015 2015年	2014 2014年
Acquisition of minority interests in subsidiaries 購買子公司少數股權	1,339,738,975.36	-
Handling fee for guarantee for borrowings 借款擔保及保函手續費	70,164,348.64	73,198,600.40
Others 其他	74,988,711.23	1,743,693.40
	1,484,892,035.23	74,942,293.80

63. Supplement to cash flow statement

63. 現金流量表補充資料

(1) Supplement to cash flow statement

(1) 現金流量表補充資料

	2015 2015年	2014 2014年
Net profit 淨利潤	2,162,674,130.20	5,718,203,962.81
Add: Loss in impairment of assets 加：資產減值損失	383,379,700.70	275,398,913.11
Depreciation of fixed assets 固定資產折舊	4,130,746,136.14	3,104,423,156.03
Depreciation and amortization of investment properties 投資性房地產折舊及攤銷	33,466,430.65	26,697,019.44
Amortization of intangible assets 無形資產攤銷	1,115,948,931.80	724,620,770.85
Amortization of long-term prepaid expenses 長期待攤費用攤銷	81,441,798.34	66,180,056.61
(Gain)/loss from disposal and retirement of fixed assets, intangible assets and other long-term assets 處置和報廢固定資產、無形資產和其他長期資產的(收益)/損失	(40,579,288.07)	16,684,855.45
Finance expenses 財務費用	1,218,043,062.59	722,740,871.12
Investment income 投資收益	(114,954,618.74)	(1,714,840,638.18)
Loss or income from change of fair value 公允價值變動損失	23,353,073.10	156,271,038.41
Decrease in deferred tax assets 遞延所得稅資產的減少	338,955,804.38	454,977,166.14
Decrease in deferred tax liabilities 遞延所得稅負債的減少	(505,264,102.83)	(270,942,647.49)
Decrease in inventories 存貨的減少	600,066,493.02	672,051,963.79
Decrease in operating receivables 經營性應收項目的減少	5,518,890,454.10	521,770,046.85
(Decrease)/Increase in operating payables 經營性應付項目的(減少)/增加	(7,930,953,206.87)	1,086,198,504.30
Others 其他	(269,353,639.00)	(391,710,779.50)
Increase in special reserve 專項儲備的增加	28,040,833.15	3,004,021.28
Net cash flow from operating activities 經營活動產生的現金流量淨額	6,773,901,992.66	11,171,728,281.02

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

63. Supplement to cash flow statement (Continued)

63. 現金流量表補充資料

(1) Supplement to cash flow statement (Continued)

(1) 現金流量表補充資料(續)

Non-cash payment of material investment and financing activities:

不涉及現金的重大投資和籌資活動：

		2015 2015年	2014 2014年
Acquisition of long-term assets from the endorsement of bank acceptance bills received from the sale of goods and provision of services	銷售商品、提供勞務收到的銀行承兌匯票背書轉讓購買長期資產	2,717,000,551.80	1,216,956,053.12

		2015 2015年	2014 2014年
Net change in cash and cash equivalents:	現金及現金等價物淨變動：		
The closing balance of cash	現金的年末餘額	21,014,266,005.49	20,474,618,118.42
Less: The opening balance of cash	減：現金的年初餘額	20,474,618,118.42	16,596,941,296.20
Add: The closing balance of cash equivalents	加：現金等價物的年末餘額	-	20,000,000.00
Less: The opening balance of cash equivalents	減：現金等價物的年初餘額	20,000,000.00	-
Net increase in cash and cash equivalents	現金及現金等價物淨增加額	519,647,887.07	3,897,676,822.22

(2) Information related to disposal of major subsidiaries and other business units
Information relating to disposal of major subsidiaries and other business units

(2) 處置主要子公司及其他營業單位信息
處置主要子公司及其他營業單位信息

		2015 2015年	2014 2014年
Consideration for disposal of subsidiaries and other business units	處置子公司及其他營業單位的價格	49,973,700.00	37,114,595.50
Cash and cash equivalents received for disposal of subsidiaries and other business units	處置子公司及其他營業單位收到的現金和現金等價物	49,973,700.00	37,114,595.50
Less: Amount of cash and cash equivalents in subsidiaries and other business units disposal	減：處置子公司及其他營業單位持有的現金和現金等價物	2,579,740.69	-
Net cash received for disposal of subsidiaries and other business units	處置子公司及其他營業單位收到的現金淨額	47,393,959.31	37,114,595.50

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

63. Supplement to cash flow statement (Continued)

(3) Information related to acquisition of major subsidiaries and other business units

Information relating to acquisition of major subsidiaries and other business units

五、合併財務報表主要項目註釋(續)

63. 現金流量表補充資料(續)

(3) 取得主要子公司及其他營業單位信息

取得主要子公司及其他營業單位信息

		2015 2015年	2014 2014年
Consideration for acquisition of subsidiaries and other business units	取得子公司及其他營業單位的價格	485,759,321.10	-
Cash and cash equivalents paid for acquisition of subsidiaries and other business units	取得子公司及其他營業單位支付的現金和現金等價物	485,759,321.10	-
Less: Amount of cash and cash equivalents in subsidiaries and other business units acquired	減：取得子公司及其他營業單位持有的現金和現金等價物	9,173,423.10	-
Net cash paid for acquisition of subsidiaries and other business units	取得子公司及其他營業單位支付的現金淨額	476,585,898.00	-

(4) Cash and cash equivalents

(4) 現金及現金等價物

		2015 2015年	2014 2014年
Cash	現金	21,014,266,005.49	20,474,618,118.42
Incl: Cash at bank	其中：庫存現金	4,973,160.10	20,163,793.01
Bank deposits on demand	可隨時用於支付的銀行存款	20,293,084,804.26	19,944,648,833.26
Other cash equivalents on demand	可隨時用於支付的其他貨幣資金	716,208,041.13	509,805,492.15
Other cash equivalents	其他現金等價物	-	20,000,000.00
Cash and cash equivalents at end of year	年末現金及現金等價物餘額	21,014,266,005.49	20,494,618,118.42

		2015 2015年	2014 2014年
Cash and cash equivalents at end of year	年末貨幣資金餘額	24,601,345,959.52	24,434,414,214.89
Cash equivalents at the end of year	年末現金等價物餘額	-	20,000,000.00
Less: Balance of restricted cash and cash equivalents	減：使用受到限制的貨幣資金餘額	3,587,079,954.03	3,959,796,096.47
Closing balance of cash and cash equivalents at end of year	年末現金及現金等價物餘額	21,014,266,005.49	20,494,618,118.42

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

64. Foreign currency monetary items

64. 外幣貨幣性項目

		2015 2015年			2014 2014年		
		Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣	Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣
Cash and cash equivalents	貨幣資金						
- USD	- 美元	42,926,593.63	6.4936	278,748,128.40	21,261,776.47	6.1190	130,100,810.22
- JPY	- 日元	859,486.00	0.0539	46,326.30	298,479.00	0.0514	15,341.82
- HKD	- 港幣	2,417,187.44	0.8378	2,025,119.64	2,505,104.53	0.7889	1,976,276.96
- EUR	- 歐元	301,566.73	7.0952	2,139,676.25	5,693,993.70	7.4556	42,452,139.43
- Indian Rupee	- 印度盧比	73,705,000.00	0.0977	7,200,978.50	-	-	-
- GBP	- 英鎊	1,468,043.07	9.6159	14,116,555.36	2,351.23	9.5437	22,439.43
- THB	- 泰銖	4,484,219.79	0.1802	808,056.41	4,039,803.27	0.1887	762,310.88
- UAE Dirhams	- 阿聯酋 迪拉姆	227,866.75	1.7677	402,800.05	776,845.24	1.6719	1,298,807.56

		2015 2015年			2014 2014年		
		Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣	Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣
Accounts receivables	應收賬款						
- USD	- 美元	98,587,808.04	6.4936	640,189,790.29	140,648,981.25	6.1190	860,631,116.27
- EUR	- 歐元	131,834.61	7.0952	935,392.92	20,553.72	7.4556	153,240.31
- GBP	- 英鎊	48,326.90	9.6159	464,706.64	35,967,000.00	9.5437	343,258,257.90
- HKD	- 港幣	8,978.16	0.8378	7,521.90	14,189,000.00	0.7889	11,193,702.10
- SGD	- 新加坡元	-	-	-	26,929.56	4.5882	123,558.21

		2015 2015年			2014 2014年		
		Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣	Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣
Other receivables	其他應收款						
- USD	- 美元	1,823,162.60	6.4936	11,838,888.66	16,772.52	6.1190	102,631.05
- GBP	- 英鎊	3,145.44	9.6159	30,246.24	3,602,000.00	9.5437	34,376,407.40
- SGD	- 新加坡元	-	-	-	34,725.98	4.5882	159,329.74

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

64. Foreign currency monetary items (Continued)

64. 外幣貨幣性項目(續)

		2015 2015年			2014 2014年		
		Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣	Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣
Accounts payable	應付賬款						
- USD	- 美元	1,943,582.37	6.4936	12,620,846.48	4,498,000.00	6.1190	27,523,262.00
- HKD	- 港幣	1,691.29	0.8378	1,416.96	3,962,000.00	0.7889	3,125,621.80
- GBP	- 英鎊	31,786.99	9.6159	305,660.52	2,888,000.00	9.5437	27,562,205.60
- EUR	- 歐元	9,208.12	7.0952	65,333.45	161,693.58	7.4556	1,205,522.66

		2015 2015年			2014 2014年		
		Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣	Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣
Other payables	其他應付款						
- USD	- 美元	8,150,443.05	6.4936	52,925,716.99	29,788,276.45	6.1190	182,274,463.60
- SGD	- 新加坡元	-	-	-	42,999.74	4.5882	197,291.41
- EUR	- 歐元	-	-	-	36,780,000.00	7.4556	274,216,968.00
- HKD	- 港幣	131,216,660.64	0.8378	109,933,318.28			-

		2015 2015年			2014 2014年		
		Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣	Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣
Short-term borrowings	短期借款						
- USD	- 美元	3,640,371.05	6.4936	23,639,113.45	2,861,960.00	6.1190	17,512,333.24
- GBP	- 英鎊	809,775.00	9.6159	7,786,715.42	1,203,000.00	9.5437	11,481,071.10

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

五、合併財務報表主要項目註釋(續)

64. Foreign currency monetary items (Continued)

64. 外幣貨幣性項目(續)

		2015 2015年			2014 2014年		
		Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣	Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣
Long-term borrowings due within the year	一年內到期 長期借款						
- EUR	- 歐元	-	-	-	308,000,000.00	7.4556	2,296,324,800.00
		2015 2015年			2014 2014年		
		Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣	Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣
Long-term borrowings	長期借款						
- EUR	- 歐元	-	-	-	710,000,000.00	7.4556	5,293,476,000.00
		2015 2015年			2014 2014年		
		Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣	Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣
Interest payable	應付利息						
- EUR	- 歐元	-	-	-	4,953,457.71	7.4556	36,930,999.30
- HKD	- 港幣	37,062,522.42	0.8378	31,050,981.28	-	-	-
		2015 2015年			2014 2014年		
		Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣	Original currency 原幣	Exchange rate 匯率	RMB equivalent 折合人民幣
Bond payable	應付債券						
- USD	- 美元	396,668,032.89	6.4936	2,575,803,538.37	-	-	-

VI. THE CHANGE IN SCOPE OF CONSOLIDATION

1. Business combinations not involving entities under common control

On 7 May 2015, KION GROUP AG signed an agreement with the Belgian-based Egemin Group to purchase its handling automation division. On 7 August 2015, KION GROUP AG completed the acquisition of 100% interest in Egemin Automation Inc. at a consideration of EUR72,483,000.00, equivalent to RMB485,759,321.10. The acquisition date was determined as 7 August 2015.

The carrying amount and provisional fair value of Egemin Automation Inc. identifiable assets and liabilities at the acquisition date are as follows:

		Provisional fair value on 7 August 2015 2015年8月7日 暫定公允價值	Carrying amount on 7 August 2015 2015年8月7日 賬面價值
Cash and cash equivalents	貨幣資金	25,935,579.00	25,935,579.00
Accounts receivable	應收賬款	103,668,597.30	106,959,132.00
Intangible assets	無形資產	168,789,016.20	8,216,284.20
Other assets	其他資產	91,987,534.20	97,188,053.40
Accounts payable	應付賬款	(64,939,473.00)	(64,939,473.00)
Other financial liabilities	其他金融負債	(114,505,246.20)	(111,402,359.10)
Other non-financial liabilities	其他非金融負債	(66,219,497.70)	(15,581,452.50)
		144,716,509.80	46,375,764.00
Minority interests	少數股東權益	-	-
Share of net assets	享有淨資產	144,716,509.80	46,375,764.00
Goodwill arising from acquisition	購買產生的商譽	341,042,811.30	
Consideration paid for combination	合併對價	485,759,321.10 ^{Note 註}	

Note: As the assessment is not completed yet, the fair values of all the identifiable assets, liabilities and contingent liabilities are determined on a provisional basis. Pursuant to the "Accounting Standard for Business Enterprises No. 20 – Business Combination" (《企業會計準則第20號—企業合併》), recognition and measurement of the business combination have been based on provisional values. Adjustments will be made to the provisional values of the identifiable assets, liabilities and contingent liabilities within twelve months from 7 August 2015.

六、合併範圍的變動

1. 非同一控制下企業合併

2015年5月7日，本公司之子公司 KION GROUP AG 與比利時的 Egemin Group 達成協議，購買其下的自動化處理部門。於2015年8月7日，KION GROUP AG 完成對 Egemin Automation Inc. 100% 的股權收購，收購對價為歐元72,483,000.00，折合人民幣485,759,321.10元。購買日確定為2015年8月7日。

Egemin Automation Inc. 的可辨認資產和負債於購買日的暫定公允價值和賬面價值如下：

	Provisional fair value on 7 August 2015 2015年8月7日 暫定公允價值	Carrying amount on 7 August 2015 2015年8月7日 賬面價值
Cash and cash equivalents	25,935,579.00	25,935,579.00
Accounts receivable	103,668,597.30	106,959,132.00
Intangible assets	168,789,016.20	8,216,284.20
Other assets	91,987,534.20	97,188,053.40
Accounts payable	(64,939,473.00)	(64,939,473.00)
Other financial liabilities	(114,505,246.20)	(111,402,359.10)
Other non-financial liabilities	(66,219,497.70)	(15,581,452.50)
	144,716,509.80	46,375,764.00
Minority interests	-	-
Share of net assets	144,716,509.80	46,375,764.00
Goodwill arising from acquisition	341,042,811.30	
Consideration paid for combination	485,759,321.10 ^{Note 註}	

註：由於評估工作尚未完成，合併中取得的各項可辨認資產、負債及或有負債的公允價值只能暫時確定，根據《企業會計準則第20號—企業合併》，本集團以所確定的暫時價值為基礎對該企業合併進行了確認和計量，將自2015年8月7日算起12個月內對可辨認資產、負債及或有負債的暫時性價值進行調整。

VI. THE CHANGE IN SCOPE OF CONSOLIDATION (CONTINUED)

1. Business combinations not involving entities under common control (Continued)

The Egemin Automation Inc's results of operations and cash flows from the acquisition date to the end of this year are as follows:

六、合併範圍的變動(續)

1. 非同一控制下企業合併(續)

Egemin Automation Inc.自購買日起至本年末的經營成果和現金流量列示如下：

		Period from the acquisition date to 31 December 購買日 至12月31日期間
Revenue	營業收入	229,468,056.00
Net profit	淨利潤	5,348,420.00
Net cash flows	現金流量淨額	38,696,166.00

2. Disposal of subsidiaries

2. 處置子公司

Place of Registration	註冊地	業務性質	Total percentage of shareholdings held by the Group 本集團合計 持股比例	Total percentage of voting rights held by the Group 本集團合計享有 的表決權比例	Reason for de- consolidation 不再成為 子公司原因
Zhuzhou Torch Auto Lighting Co., Ltd. 株洲湘火炬汽車燈具 有限責任公司	Zhuzhou 株洲市	Manufacturing of lighting for automobiles 製造汽車燈具	100%	100%	Transfer of equity interest 股權轉讓

VI. THE CHANGE IN SCOPE OF CONSOLIDATION (CONTINUED)

2. Disposal of subsidiaries (Continued)

On 15 December 2014, the Company entered into a share transfer agreement with Witslight Semiconductor Lighting Technology (Kunshan) Company Limited, pursuant to which the Company disposed of its 100% equity interest in Zhuzhou Torch Auto Lighting Co., Ltd. at a consideration of RMB49,973,700.00, and the date of disposal was 13 April 2015. Therefore from 1 April 2015 onwards, the Group no longer included Zhuzhou Torch Auto Lighting Co., Ltd. as part of consolidation. The relevant financial information of Zhuzhou Torch Auto Lighting Co., Ltd. is as follows:

		31 March 2015 Carrying amount 2015年3月31日 賬面價值	31 December 2014 Carrying amount 2014年12月31日 賬面價值
Current assets	流動資產	47,247,010.19	48,012,147.41
Non-current assets	非流動資產	10,553,696.62	10,896,053.03
Current liabilities	流動負債	26,833,639.28	24,128,900.70
Non-current liabilities	非流動負債	-	-
		30,967,067.53	34,779,299.74
Gains or losses from disposal	處置損益	18,720,561.88	
Disposal consideration	處置對價	49,973,700.00	

3. Establishment of new subsidiary

On 27 February 2015, Fast Eaton (Xi'an) Powertrain System Co., Ltd. was established with a registered capital of RMB50,000,000.00. On 18 March 2015, Shaanxi Fast Gear Co., Ltd., a subsidiary of the Company, subscribed for RMB25,500,000.00 of registered capital, representing 51% of the total registered capital.

六、合併範圍的變動(續)

2. 處置子公司(續)

本公司與捷光半導體照明科技(昆山)有限公司於2014年12月15日簽訂股權轉讓協議，以人民幣49,973,700.00元出售其所持有株洲湘火炬汽車燈具有限責任公司的100%股權，處置日為2015年4月13日。故自2015年4月1日起，本集團不再將株洲湘火炬汽車燈具有限責任公司納入合併範圍。株洲湘火炬汽車燈具有限責任公司的相關財務信息列示如下：

3. 新設子公司

法士特伊頓(西安)動力傳動系統有限公司成立於2015年2月27日，註冊資本為人民幣50,000,000.00元。本公司之子公司陝西法士特齒輪有限責任公司於2015年3月18日認繳註冊資本人民幣25,500,000.00元，佔註冊資本的51%。

VI. THE CHANGE IN SCOPE OF CONSOLIDATION (CONTINUED)

4. Subsidiaries under liquidation no longer included as part of consolidation

Xinjiang Machinery Equipment Import & Export Co., Ltd., a subsidiary of the Company, entered into bankruptcy on 1 September 2015 and is currently taken over by an official receiver designated by the court. The Company is no longer able to decide on its financial and operating policies. Pursuant to the "Accounting Standard for Business Enterprises No. 33 – Consolidated Financial Statements", a subsidiary which has been cleaned up and rectified is no longer included as part of consolidation.

5. Changes in scope of consolidation for other reasons

Shaanxi Heavy-duty Motor Company Limited, a subsidiary of the Company, held 38.60% in Shaanxi Automobile Wuhai Special Vehicles Co., Ltd, which has a registered capital of RMB228,000,000.00. On 16 March 2012, Shaanxi Heavy-duty Motor Company Limited acquired 24.12% minority interest voting rights in Shaanxi Automobile Wuhai Special Vehicles Co., Ltd. via a management and control agency agreement, representing an aggregate percentage of voting power of 62.72% with effective control over the company. With effect from 1 April 2012, Shaanxi Automobile Wuhai Special Vehicles Co., Ltd was included as part of consolidation in the Company.

On 1 December 2015, the equity entrustment agreement was terminated upon discussion and negotiation, and Shaanxi Heavy-duty Motor Company Limited no longer held voting rights in Shaanxi Automobile Wuhai Special Vehicles Co., Ltd. The voting rights increased back to 38.60%. The equity method was instead adopted to account for the equity investment made by Shaanxi Heavy-duty Motor Company Limited in Shaanxi Automobile Wuhai Special Vehicles Co., Ltd., and the company was no longer included as part of consolidation.

六、合併範圍的變動(續)

4. 破產清算的子公司不再納入合併範圍

本公司之子公司新疆機械設備進出口有限公司於2015年9月1日進入破產程序，目前已被法院指定的破產管理人接管，本公司不再能夠決定其財務和經營政策。依據《企業會計第33號—合併財務報表》，已被清理整頓的子公司不再納入合併範圍。

5. 其他原因的合併範圍變動

陝汽烏海專用汽車有限公司註冊資本228,000,000.00元，其中本公司之子公司陝西重型汽車有限公司佔股38.60%。2012年3月16日，陝西重型汽車有限公司通過授權管理和控制協議取得了陝汽烏海少數股東24.12%的表決權，合計表決權比例為62.72%，擁有實際控制權。本公司自2012年4月1日起將陝汽烏海專用汽車有限公司納入合併範圍。

2015年12月1日經過協商終止股權委託協議，陝西重型汽車有限公司不再擁有對陝汽烏海專用汽車有限公司的表決權，表決權比例恢復為38.60%。陝西重型汽車有限公司對陝汽烏海專用汽車有限公司的股權投資改為權益法核算，不再納入合併範圍。

VII. INTEREST IN OTHER ENTITIES

1. Interest in subsidiaries

Particulars of the principal subsidiaries of the Company are presented as follows:

七、在其他主體中的權益

1. 在子公司中的權益

本公司重要子公司的情况如下：

	Place of key operation 主要經營地	Place of registration 註冊地	Nature of business 業務性質	Registered capital 註冊資本	Percentage of shareholding (%) 持股比例(%)	
					Direct 直接	Indirect 間接
Subsidiaries acquired through establishment or investment 通過設立或投資等方式取得的子公司						
(1) Weichai Power (Weifang) Casting Co., Ltd. 濰柴動力(濰坊)鑄鍛有限公司	Shandong 山東	Shandong 山東	Manufacturing industry 製造業	460,150,000.00	100.00	-
(2) Weichai Power (Shanghai) Technology Development Co., Ltd. 濰柴動力(上海)科技發展有限公司	Shanghai 上海	Shanghai 上海	Manufacturing industry 製造業	340,000,000.00	100.00	-
(3) Weichai Power Yangzhou Diesel Engine Co., Ltd. 濰柴動力揚州柴油機有限責任公司	Jiangsu 江蘇	Jiangsu 江蘇	Manufacturing industry 製造業	400,000,000.00	-	85.00
(4) Weichai Power (Chongqing) Western Development Co., Ltd. 濰柴動力(重慶)西部發展有限公司	Chongqing 重慶	Chongqing 重慶	Manufacturing industry 製造業	240,000,000.00	100.00	-
(5) Weichai Power (Beijing) International Resources Investment Co., Ltd. 濰柴動力(北京)國際資源投資有限公司	Beijing 北京	Beijing 北京	Project Investment 項目投資	300,000,000.00	100.00	-
(6) Weichai Power (Luxembourg) Holding S.à r.l. 濰柴動力(盧森堡)控股有限公司	Luxembourg 盧森堡	Luxembourg 盧森堡	Project Investment 項目投資	EUR100,000.00 歐元100,000.00	-	100.00
(7) Weichai Power (Hong Kong) International Development Co., Ltd. 濰柴動力(香港)國際發展有限公司	Hong Kong 香港	Hong Kong 香港	Services 服務業	USD336,242,497.00 美元336,242,497.00	100.00	-
(8) Shandong Heavy Industry India Private Limited 山東重工印度有限責任公司	India 印度	India 印度	Manufacturing industry 製造業	INR823,889,270.00 盧比823,889,270.00	-	97.68
Subsidiaries acquired through business combinations not involving entities under common control 非同一控制下企業合併取得的子公司						
(9) Shandong Huadong Casting Co., Ltd. 山東華動鑄造有限公司	Shandong 山東	Shandong 山東	Manufacturing industry 製造業	450,150,000.00	-	100.00
(10) Shaanxi Heavy-duty Motor Company Limited 陝西重型汽車有限公司	Shaanxi 陝西	Shaanxi 陝西	Manufacturing industry 製造業	3,706,330,000.00	51.00	-
(11) Shaanxi Hande Axle Co., Ltd. 陝西漢德車橋有限公司	Shaanxi 陝西	Shaanxi 陝西	Manufacturing industry 製造業	320,000,000.00	3.06	94.00

VII. INTEREST IN OTHER ENTITIES
(CONTINUED)

1. Interest in subsidiaries (Continued)

Particulars of the principal subsidiaries of the Company are presented as follows: (Continued)

七、在其他主體中的權益(續)

1. 在子公司中的權益(續)

本公司重要子公司的情况如下：(續)

	Place of key operation 主要經營地	Place of registration 註冊地	Nature of business 業務性質	Registered capital 註冊資本	Percentage of shareholding (%) 持股比例(%)	
					Direct 直接	Indirect 間接
Subsidiaries acquired through business combinations not involving entities under common control (Continued) 非同一控制下企業合併取得的子公司(續)						
(12) Shaanxi Jinding Casting Co., Ltd. 陝西金鼎鑄造有限公司	Shaanxi 陝西	Shaanxi 陝西	Manufacturing industry 製造業	435,360,000.00	-	100.00
(13) Shaanxi Fast Gear Co., Ltd. 陝西法士特齒輪有限責任公司	Shaanxi 陝西	Shaanxi 陝西	Manufacturing industry 製造業	256,790,000.00	51.00	-
(14) Zhuzhou Gear Co., Ltd. 株洲齒輪有限責任公司	Hunan 湖南	Hunan 湖南	Manufacturing industry 製造業	531,314,951.00	87.91	-
(15) Zhuzhou Torch Sparkplugs Co., Ltd. 株洲湘火炬火花塞有限責任公司	Hunan 湖南	Hunan 湖南	Manufacturing industry 製造業	282,480,000.00	100.00	-
(16) Weichai (Chongqing) Automotive Co., Ltd. 濰柴(重慶)汽車有限公司	Chongqing 重慶	Chongqing 重慶	Manufacturing industry 製造業	1,295,410,000.00	77.07	22.93
(17) Siciété International des Moteurs Baudouin 法國博杜安動力國際有限公司	France 法國	France 法國	Manufacturing industry 製造業	EUR33,311,180.00 歐元33,311,180.00	-	100.00
(18) KION GROUP AG (Note 1) KION GROUP AG(註1)	Germany 德國	Germany 德國	Manufacturing industry 製造業	EUR98,900,000.00 歐元98,900,000.00	-	38.25

Note 1: On 12 February 2015, Superlift, a shareholder of KION GROUP AG, which is in turn a subsidiary of the Company, disposed of its 4.9% shareholding in KION GROUP AG, as a result of which the aggregate shareholding in KION GROUP AG held by Weichai Power (Luxembourg) Holding S.à r.l. ("Weichai Lux"), an indirect wholly-owned subsidiary of the Company, and Superlift represented in aggregate 47.2% of the shareholding in KION GROUP AG. According to the bundling arrangement between Weichai Lux and Superlift, the Company became in control of 47.2% voting rights. On 27 March 2015, Superlift disposed of its remaining 13.9% shareholding, among which 4.95% were sold to Weichai Lux. At this point, the bundling arrangement between Weichai Lux and Superlift ceased to be valid. Through Weichai Lux, the Company held 38.25% shareholding and voting rights in KION GROUP AG and was the single largest shareholder of KION GROUP AG. Meanwhile, due to the scattered shareholdings held by other shareholders, the Company had effective control over KION GROUP AG. As at 31 December 2015, the aforesaid situation remained unchanged.

註1：於2015年2月12日，子公司KION GROUP AG的股東Superlift出售了其持有的KION GROUP AG 4.9%的股權，本公司之間接全資子公司濰柴動力盧森堡(控股)有限公司(「濰柴盧森堡」)和Superlift合計持有KION GROUP AG 47.2%的股權，根據濰柴盧森堡和Superlift達成的捆綁安排，本公司可以控制的表決權比例為47.2%。於2015年3月27日，Superlift處置了其持有的剩餘全部13.9%的股權，其中4.95%的股權出售給濰柴盧森堡，至此，濰柴盧森堡和Superlift達成的捆綁安排失效，本公司通過濰柴盧森堡持有KION GROUP AG 38.25%的股權和表決權，是KION GROUP AG的單一最大股東，同時由於其他股東持有的股權分散，本公司擁有對KION GROUP AG的實際控制權。截至2015年12月31日，上述狀況未發生變化。

VII. INTEREST IN OTHER ENTITIES
(CONTINUED)

1. Interest in subsidiaries (Continued)

Details of the changes in paid-in capital of principal subsidiaries in 2015 are as follows:

		31 December 2014 2014年12月31日	Increase during the year 本年增加	Decrease during the year 本年減少	31 December 2015 2015年12月31日
KION GROUP AG (EUR)	KION GROUP AG(歐元)	98,736,000.00	74,000.00	70,000.00	98,740,000.00

Changes in paid-in capital of principal subsidiaries in 2014 are detailed as follows:

		31 December 2013 2013年12月31日	Increase during the year 本年增加	Decrease during the year 本年減少	31 December 2014 2014年12月31日
Shaanxi Heavy-duty Motor Company Limited	陝西重型汽車有限公司	2,706,330,000.00	1,000,000,000.00	-	3,706,330,000.00
Weichai Power (Hong Kong) International Development Co., Ltd. (USD)	濰柴動力(香港)國際發展有限公司(美元)	57,840,000.00	278,402,497.00	-	336,242,497.00
Weichai (Chongqing) Automotive Co., Ltd. (Originally: Chongqing Jialing Chuanjiang Vehicles Manufacturing Co., Ltd.)	濰柴(重慶)汽車有限公司(原重慶市嘉陵川江汽車製造有限公司)	1,186,000,000.00	109,410,000.00	-	1,295,410,000.00
Shandong Heavy Industry India Private Limited (LKR)	山東重工印度有限責任公司(盧比)	202,329,270.00	621,560,000.00	-	823,889,270.00

七、在其他主體中的權益(續)

1. 在子公司中的權益(續)

主要子公司實收資本2015年發生變化的詳情如下：

主要子公司實收資本2014年發生變化的詳情如下：

VII. INTEREST IN OTHER ENTITIES
(CONTINUED)

1. Interest in subsidiaries (Continued)

Subsidiaries with material interests of minority shareholders are as follows:

2015

		Percentage of shareholding minority shareholders 少數股東 持股比例	Attributable to Minority interests 歸屬少數 股東損益	Dividends paid to minority shareholders 向少數股東 支付股利	Accumulated minority interests at the end of year 年末累計少數 股東權益
Shaanxi Heavy-duty Motor Company Limited	陝西重型汽車有限公司	49.00%	(9,745,225.58)	12,740,000.00	2,834,721,916.97
Shaanxi Fast Gear Co., Ltd.	陝西法士特齒輪有限責任公司	49.00%	34,401,610.03	188,828,686.95	3,745,270,329.00
KION GROUP AG	KION GROUP AG	61.75%	737,837,744.77	235,638,341.89	3,797,694,348.80

2014

		Percentage of shareholding Minority shareholders 少數股東 持股比例	Attributable to Minority interests 歸屬少數 股東損益	Dividends paid to minority shareholders 向少數股東 支付股利	Accumulated minority interests at the end of year 年末累計 少數股東權益
Shaanxi Heavy-duty Motor Company Limited	陝西重型汽車有限公司	49.00%	178,353,730.54	105,125,676.44	2,862,964,778.74
Shaanxi Fast Gear Co., Ltd.	陝西法士特齒輪有限責任公司	49.00%	250,936,375.05	190,741,259.54	3,807,748,207.70
KION GROUP AG	KION GROUP AG	66.70%	482,954,775.77	12,645,851.20	3,451,257,795.30

七、在其他主體中的權益(續)

1. 在子公司中的權益(續)

存在重要少數股東權益的子公司如下：

2015年

2014年

VII. INTEREST IN OTHER ENTITIES
(CONTINUED)

1. Interest in subsidiaries (Continued)

The following table illustrates the summarized financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

七、在其他主體中的權益(續)

1. 在子公司中的權益(續)

下表列示了上述子公司主要財務信息。這些信息為本集團內各企業之間相互抵消前的金額：

		Shaanxi Heavy-duty		
		KION GROUP AG KION GROUP AG	Motor Company Limited 陝西重型汽車有限公司	Shaanxi Fast Gear Co., Ltd. 陝西法士特齒輪有限責任公司
2015	2015年			
Current assets	流動資產	11,564,473,575.20	14,239,604,577.08	7,003,684,896.10
Non-current assets	非流動資產	28,313,660,899.34	5,063,221,440.61	2,982,434,825.14
Total assets	資產合計	39,878,134,474.54	19,302,826,017.69	9,986,119,721.24
Current liabilities	流動負債	12,285,338,800.00	13,223,632,907.51	2,612,556,360.52
Non-current liabilities	非流動負債	22,174,904,890.91	648,550,138.30	31,650,000.00
Total liabilities	負債合計	34,460,243,690.91	13,872,183,045.81	2,644,206,360.52
Revenue	營業收入	35,488,079,494.00	16,558,256,100.68	5,979,939,555.74
Net profit	淨利潤	1,177,935,367.06	41,929,704.51	69,213,967.22
Total comprehensive income	綜合收益總額	1,274,991,937.47	41,913,330.92	67,587,452.41
Net cash flows from operating activities	經營活動產生的現金流量淨額	4,708,811,482.00	843,770,233.06	997,878,780.64
2014	2014年			
Current assets	流動資產	11,956,322,052.00	16,077,594,954.52	7,218,514,717.63
Non-current assets	非流動資產	26,425,175,339.85	5,395,534,605.49	3,219,064,044.06
Total assets	資產合計	38,381,497,391.85	21,473,129,560.01	10,437,578,761.69
Current liabilities	流動負債	13,368,159,201.60	14,510,231,740.50	2,873,759,545.50
Non-current liabilities	非流動負債	21,526,186,371.65	1,542,450,621.38	-
Total liabilities	負債合計	34,894,345,573.25	16,052,682,361.88	2,873,759,545.50
Revenue	營業收入	19,975,181,223.40	25,883,184,281.47	9,059,421,009.78
Net profit	淨利潤	810,061,307.87	378,405,665.64	505,531,976.71
Total comprehensive income	綜合收益總額	411,082,329.47	378,408,382.10	506,295,090.58
Net cash flows from operating activities	經營活動產生的現金流量淨額	3,686,469,327.30	936,456,482.34	696,581,591.91

VII. INTEREST IN OTHER ENTITIES
(CONTINUED)

2. Transaction resulting in changes of proportional shareholding but not change of control of principal subsidiaries

On 27 March 2015, the Company considered and approved the proposal concerning the acquisition of 4.95% issued capital of KION GROUP AG on its second provisional Board meeting 2015, pursuant to which Weichai Lux, a wholly-owned subsidiary of the Company, acquired 4.95% of the issued share capital of KION GROUP AG, from Superlift at a total consideration of EUR186,935,000. As a result of the transaction, the minority interest in the consolidated financial statements has been reduced by RMB145,666,938.59 and capital reserve has been reduced by RMB1,100,217,449.41. Upon completion of the acquisition, the Company's indirect shareholding in KION GROUP AG has increased to 38.25%.

3. Interest in jointly-controlled enterprises and associates

Particulars of the principal jointly-controlled enterprise and associates of the Company are presented as follows:

	Place of key operation 主要經營地	Place of registration 註冊地	Nature of Business 業務性質	Registered capital 註冊資本	Percentage of shareholding (%)		Accounting treatment 會計處理
					Direct 直接	Indirect 間接	
Jointly-controlled enterprise 合營企業							
(1) Xi'an FC Intelligence Transmission Co., Ltd. (Note 1) 西安雙特智能傳動有限公司(註1)	Shaanxi 陝西	Shaanxi 陝西	Manufacturing industry 製造業	500,000,000.00	-	51.00	Equity Method 權益法
Associate 聯營企業							
(1) Shanzhong Finance Leasing Co., Ltd. 山重融資租賃有限公司	Beijing 北京	Beijing 北京	Finance lease 融資租賃	920,000,000.00	19.57	19.57	Equity Method 權益法
(2) Shandong Zhonggong Group Finance Co., Ltd. 山東重工集團財務有限公司	Shandong 山東	Shandong 山東	Finance company 財務公司	1,000,000,000.00	20.00	-	Equity Method 權益法

Note 1: Xi'an FC Intelligence Transmission Co., Ltd. is held as to 51% by the Group, and as to 4% and 45% by Shaanxi Fast Gear Automotive Transmission Co., Ltd. ("Transmission Co") and Caterpillar (China) Investment Co., Ltd ("Caterpillar") respectively. Its board of directors comprises seven directors, three of whom being nominated by the Group, one being nominated by Transmission Co and three being nominated by Caterpillar. According to its articles of association, board resolutions require unanimous approval or approval by substantially all directors, and thus Xi'an FC Intelligence Transmission Co. is a jointly-controlled enterprise of the Group.

註1：本集團持有西安雙特智能傳動有限公司51%股權，另外兩位股東為陝西法士特傳動集團有限責任公司(「傳動集團」)和卡特彼勒(中國)投資有限公司(「卡特彼勒」)，股權分別為4%和45%。董事會由七名董事組成，其中三名由本集團委任，一名由傳動集團委任，另外三名由卡特彼勒委任，根據公司章程約定，董事會決議需要董事會全體或者絕大多數同意通過，因此西安雙特智能傳動有限公司屬於本集團合營企業。

七、在其他主體中的權益(續)

2. 在重要子公司的股東權益份額發生變化且未影響控制權的交易

2015年3月27日，本公司2015年第二次臨時董事會會議審議通過了收購KION GROUP AG 4.95%已發行股份的議案。由全資子公司濰柴盧森堡向Superlift購買KION GROUP AG全部已發行股份的4.95%，收購總價為歐元186,935,000，該項交易導致合併財務報表中少數股東權益減少人民幣145,666,938.59元，資本公積減少人民幣1,100,217,449.41元。收購事項完成後，本公司間接持有KION GROUP AG的股權比例增加至38.25%。

3. 在合營企業和聯營企業中的權益

本公司重要合營企業和聯營企業的情況如下：

VII. INTEREST IN OTHER ENTITIES
(CONTINUED)

3. Interest in jointly-controlled enterprises and associates (Continued)

The Group holds 51% equity interest of Xi'an FC Intelligence Transmission Co., Ltd. ("FC Intelligence Transmission"), which is principally engaged in the production of automatic gear boxes. It is a key jointly-controlled enterprise of the Group and is accounted for using equity method in the Group's accounts.

The following table illustrates the summarised financial information of Xi'an FC Intelligence Transmission Co., Ltd. The amounts disclosed are adjusted for differences in accounting policies and reconciled to the carrying accounts in this financial statement:

		2015 2015年	2014 2014年
Current assets	流動資產	231,885,512.75	179,523,727.44
including: cash and cash equivalents	其中：現金和現金等價物	13,462,605.12	31,933,003.14
Non-current assets	非流動資產	306,689,077.66	336,539,782.56
Total assets	資產合計	538,574,590.41	516,063,510.00
Current liabilities	流動負債	228,683,168.45	138,311,640.98
Non-current liabilities	非流動負債	-	-
Total liabilities	負債合計	228,683,168.45	138,311,640.98
Minority interests	少數股東權益	-	-
Shareholders' equity attributable to the Parent	歸屬於母公司的股東權益	309,891,421.96	377,751,869.02
Shares of net assets based on percentage of shareholding	按持股比例享有的淨資產份額	158,044,625.20	192,653,453.20
Carrying value of investment	投資的賬面價值	158,050,798.96	192,653,453.20
Revenue	營業收入	81,673,107.50	37,890,481.90
Income tax expenses	所得稅費用	-	-
Net losses	淨虧損	(67,848,340.98)	(72,933,047.22)
Total comprehensive income	綜合收益總額	(67,848,340.98)	(72,933,047.22)
Dividend received	收到的股利	-	-

七、在其他主體中的權益(續)

3. 在合營企業和聯營企業中的權益(續)

本集團持有持有西安雙特智能傳動有限公司(「雙特傳動」)51%股權，雙特傳動主要生產自動變速箱，為本集團重要的合營企業，本集團對該合營企業採用權益法核算。

下表列示了西安雙特智能傳動有限公司的財務信息，這些財務信息調整了所有會計政策差異且調節至本財務報表賬面金額：

VII. INTEREST IN OTHER ENTITIES
(CONTINUED)

3. Interest in jointly-controlled enterprises and associates (Continued)

The Group holds 20% equity interest of Shandong Zhonggong Group Finance Co., Ltd. ("Shandong Zhonggong Finance Co."), which provides the Group with services of deposits, credit lending, settlement and other financial services. It is a key associate of the Group and is accounted for using equity method in the Group's accounts.

The following table illustrates the summarised financial information of Shandong Zhonggong Finance Co.. The amounts disclosed are adjusted for differences in accounting policies and reconciled to the carrying accounts in this financial statement:

		2015 2015年	2014 2014年
Current assets	流動資產	13,655,440,758.54	13,259,994,847.84
including: cash and cash equivalents	其中：現金和現金等價物	5,669,896,465.30	10,844,496,385.64
Non-current assets	非流動資產	2,642,503,117.94	869,321,303.11
Total assets	資產合計	16,297,943,876.48	14,129,316,150.95
Current liabilities	流動負債	15,110,832,277.66	12,989,166,333.25
Non-current liabilities	非流動負債	-	-
Total liabilities	負債合計	15,110,832,277.66	12,989,166,333.25
Minority interests	少數股東權益	-	-
Shareholders' equity attributable to the Parent	歸屬於母公司的股東權益	1,187,111,598.82	1,140,149,817.70
Shares of net assets based on percentage of shareholding	按持股比例享有的淨資產份額	237,422,319.76	228,029,963.54
Carrying value of investment	投資的賬面價值	237,468,864.87	228,029,963.54
Revenue	營業收入	293,488,272.93	234,608,233.71
Income tax expenses	所得稅費用	(37,931,457.02)	(36,469,534.12)
Net profit	淨利潤	113,592,023.88	109,250,512.55
Total comprehensive income	綜合收益總額	113,592,023.88	109,250,512.55
Dividend received	收到的股利	13,279,503.45	7,552,532.98

七、在其他主體中的權益(續)

3. 在合營企業和聯營企業中的權益(續)

本集團持有山東重工集團財務有限公司(「山東重工財務公司」)20%股權，山東重工財務公司為本集團提供存款、信貸、結算及其他金融服務，是本集團重要的聯營企業，本集團對該聯營企業採用權益法核算。

下表列示了山東重工財務公司的財務信息，這些財務信息調整了所有會計政策差異且調節至本財務報表賬面金額：

VII. INTEREST IN OTHER ENTITIES
(CONTINUED)

3. Interest in jointly-controlled enterprises and associates (Continued)

The Group holds 39.13% equity interests of Shanzhong Finance Leasing Co., Ltd. ("Shanzhong Finance Leasing"), which provides the Group and its distributors with finance leasing services. It is a key associate of the Group and is accounted for using equity method in the Group's accounts.

The following table illustrates the summarised financial information of Shanzhong Finance Leasing Co., Ltd.. The amounts disclosed are adjusted for differences in accounting policies and reconciled to the carrying accounts in this financial statement:

		2015 2015年	2014 2014年
Current assets	流動資產	3,106,216,477.84	3,163,522,992.05
including: cash and cash equivalents	其中：現金和現金等價物	457,316,530.71	443,118,239.03
Non-current assets	非流動資產	1,239,438,238.23	1,661,142,690.09
Total assets	資產合計	4,345,654,716.07	4,824,665,682.14
Current liabilities	流動負債	2,689,819,257.60	3,031,681,741.07
Non-current liabilities	非流動負債	656,064,319.26	793,291,128.06
Total liabilities	負債合計	3,345,883,576.86	3,824,972,869.13
Minority interests	少數股東權益	-	-
Shareholders' equity attributable to the Parent	歸屬於母公司的股東權益	999,771,139.21	999,692,813.01
Shares of net assets based on percentage of shareholding	按持股比例享有的淨資產份額	391,210,446.77	391,179,797.73
Carrying value of investment	投資的賬面價值	391,030,428.38	391,082,871.61
Revenue	營業收入	322,998,348.05	601,607,488.78
Income tax expenses	所得稅費用	(14,550,135.52)	(15,184,259.92)
Net profit	淨利潤	41,236,283.12	45,801,223.57
Total comprehensive income	綜合收益總額	41,236,283.12	45,801,223.57
Dividend received	收到的股利	16,119,400.00	36,292,050.00

七、在其他主體中的權益(續)

3. 在合營企業和聯營企業中的權益(續)

本集團持有山重融資租賃有限公司(「山重融資租賃」)39.13%股權，山重融資租賃為本集團及本集團的經銷商提供融資租賃業務服務，是本集團重要的聯營企業，本集團對該聯營企業採用權益法核算。

下表列示了山重融資租賃有限公司的財務信息，這些財務信息調整了所有會計政策差異且調節至本財務報表賬面金額：

VII. INTEREST IN OTHER ENTITIES
(CONTINUED)

3. Interest in jointly-controlled enterprises and associates (Continued)

The following illustrates the combined financial information of the associates which, individually, are not significant to the Group:

		2015 2015年	2014 2014年
Associate	聯營企業		
Total carrying value of investments	投資賬面價值合計	660,600,073.97	665,959,370.13
The total amount of the following calculation based on the percentage of shareholding:	下列各項按持股比例計算的合計數：		
Net profit/(losses)	淨利潤/(虧損)	27,998,182.16	(2,223,440.83)
Other comprehensive income	其他綜合收益	(6,561,087.89)	(42,794,732.82)
Total comprehensive income	綜合收益總額	21,437,094.27	(45,018,173.65)

As the Group takes no responsibility for additional losses incurred by Shaanxi Eurostar Auto Co., Ltd., in recognizing the net losses incurred by Shaanxi Eurostar Auto Co., Ltd., the writing-off of carrying values of long-term equity investments and other long-term interests constituting effectively net investments in Shaanxi Eurostar Auto Co., Ltd. is limited to zero. The Group's unrecognised investment losses, for this year and on an accumulative basis, amounted to RMB10,174,037.00 (2014: RMB11,668,057.04) and RMB21,842,094.04 (2014: RMB11,668,057.04) respectively.

As the Group takes no responsibility for additional losses incurred by Baoding Shanqi Tianma Automobile Co., Ltd., in recognizing the net losses incurred by Baoding Shanqi Tianma Automobile Co., Ltd., the writing-off of the carrying values of long-term equity investments and other long-term interests constituting effectively net investments in Baoding Shanqi Tianma Automobile Co., Ltd. is limited to zero. The Group's unrecognised investment losses, for this year and on an accumulative basis, amounted to RMB1,416,012.55 (2014: RMB1,822,804.86) and RMB4,891,846.44 (2014: RMB3,475,833.89) respectively.

七、在其他主體中的權益(續)

3. 在合營企業和聯營企業中的權益(續)

下表列示了對本集團單項不重要的聯營企業的合計財務信息：

由於本集團對陝西歐舒特汽車股份有限公司不負有承擔額外損失義務，因此在確認陝西歐舒特汽車股份有限公司發生的淨虧損時，以長期股權投資的賬面價值以及其他實質上構成對陝西歐舒特汽車股份有限公司淨投資的長期權益減記至零為限，本集團本年及累計未確認的投資損失金額分別為人民幣10,174,037.00元(2014年：人民幣11,668,057.04元)和人民幣21,842,094.04元(2014年：人民幣11,668,057.04元)。

由於本集團對保定陝汽天馬汽車有限公司不負有承擔額外損失義務，因此在確認保定陝汽天馬汽車有限公司發生的淨虧損時，以長期股權投資的賬面價值以及其他實質上構成對保定陝汽天馬汽車有限公司淨投資的長期權益減記至零為限，本集團本年及累計未確認的投資損失金額分別為人民幣1,416,012.55元(2014年：人民幣1,822,804.86元)和人民幣4,891,846.44元(2014年：人民幣3,475,833.89元)。

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

1. Financial instruments by category

The carrying amounts of each category of financial instruments as at the balance sheet date are presented as follows:

2015

Financial assets

八. 與金融工具相關的風險

1. 金融工具分類

資產負債表日的各類金融工具的賬面價值如下：

2015年

金融資產

		Financial assets at fair value through profit or loss 以公允價值計量 且其變動計入 當期損益的 金融資產	Loans and receivables 貸款和 應收款項	Available-for-sale financial assets 可供出售 金融資產	Total 合計
Cash and cash equivalents	貨幣資金	-	24,601,345,959.52	-	24,601,345,959.52
Financial assets at fair value through profit or loss	以公允價值計量且 其變動計入當期 損益的金融資產	37,867,082.40	-	-	37,867,082.40
Notes receivable	應收票據	-	8,927,939,101.91	-	8,927,939,101.91
Accounts receivable	應收賬款	-	8,976,615,257.47	-	8,976,615,257.47
Dividends receivable	應收股利	-	6,480,000.00	-	6,480,000.00
Interests receivable	應收利息	-	53,906,611.07	-	53,906,611.07
Other current assets	其他流動資產	-	83,000,000.00	-	83,000,000.00
Other receivables	其他應收款	-	626,439,717.08	-	626,439,717.08
Non-current assets due within a year	一年內到期的非流動 資產	-	1,289,424,886.40	-	1,289,424,886.40
Long-term receivables	長期應收款	-	3,348,884,733.60	-	3,348,884,733.60
Other non-current assets	其他非流動資產	-	18,873,232.00	-	18,873,232.00
Available-for-sale financial assets	可供出售金融資產	-	-	650,293,280.51	650,293,280.51
Total	合計	37,867,082.40	47,932,909,499.05	650,293,280.51	48,621,069,861.96

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial instruments by category (Continued)

The carrying amounts of each category of financial instruments as at the balance sheet date are presented as follows: (Continued)

2015 (Continued)

Financial liabilities

八. 與金融工具相關的風險(續)

1. 金融工具分類(續)

資產負債表日的各類金融工具的賬面價值如下(續)：

2015年(續)

金融負債

		Financial liabilities at fair value through profit or loss 以公允價值計量 且其變動計入 當期損益的 金融負債	Other financial liabilities 其他 金融負債	Total 合計
Short-term loans	短期借款	-	2,961,108,213.46	2,961,108,213.46
Long-term borrowings	長期借款	-	7,283,743,346.45	7,283,743,346.45
Accounts payable	應付賬款	-	14,264,753,447.71	14,264,753,447.71
Notes payable	應付票據	-	5,283,915,078.21	5,283,915,078.21
Other payables	其他應付款	-	3,786,905,225.80	3,786,905,225.80
Bonds payable	應付債券	-	5,985,529,194.60	5,985,529,194.60
Non-current liabilities due within one year	一年內到期的非流動 負債	-	5,246,338,509.59	5,246,338,509.59
Interests payable	應付利息	-	208,738,518.56	208,738,518.56
Financial liabilities at fair value through profit or loss	以公允價值計量且 其變動計入當期 損益的金融負債	92,014,803.10	-	92,014,803.10
Long-term payable	長期應付款	-	6,598,599,856.80	6,598,599,856.80
Other current liabilities	其他流動負債	-	112,061,588.80	112,061,588.80
Other non-current liabilities	其他非流動負債	-	28,685,893.60	28,685,893.60
Dividends payable	應付股利	-	5,129,313.52	5,129,313.52
		92,014,803.10	51,765,508,187.10	51,857,522,990.20

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial instruments by category (Continued)

The carrying amounts of each category of financial instruments as at the balance sheet date are presented as follows: (Continued)

2014

Financial assets

八. 與金融工具相關的風險(續)

1. 金融工具分類(續)

資產負債表日的各類金融工具的賬面價值如下(續):

2014年

金融資產

		Financial assets at fair value through profit or loss 以公允價值計量 且其變動計入 當期損益的 金融資產	Loans and receivables 貸款和 應收款項	Available-for-sale financial assets 可供出售 金融資產	Total 合計
Cash and cash equivalents	貨幣資金	-	24,434,414,214.89	-	24,434,414,214.89
Financial assets at fair value through profit or loss	以公允價值計量且其變動計入當期損益的金融資產	66,996,021.60	-	-	66,996,021.60
Notes receivable	應收票據	-	13,780,880,376.52	-	13,780,880,376.52
Accounts receivable	應收賬款	-	9,660,031,602.65	-	9,660,031,602.65
Dividends receivable	應收股利	-	3,040,000.00	-	3,040,000.00
Interests receivable	應收利息	-	134,246,230.24	-	134,246,230.24
Other current assets	其他流動資產	-	20,000,000.00	-	20,000,000.00
Other receivables	其他應收款	-	844,034,447.13	-	844,034,447.13
Non-current assets due within a year	一年內到期的非流動資產	-	1,509,870,834.00	-	1,509,870,834.00
Long-term receivables	長期應收款	-	2,574,098,089.20	-	2,574,098,089.20
Other non-current assets	其他非流動資產	-	4,182,591.60	-	4,182,591.60
Available-for-sale financial assets	可供出售金融資產	-	-	431,617,288.51	431,617,288.51
Total	合計	66,996,021.60	52,964,798,386.23	431,617,288.51	53,463,411,696.34

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

1. Financial instruments by category (Continued)

The carrying amounts of each category of financial instruments as at the balance sheet date are presented as follows: (Continued)

2014 (Continued)

Financial liabilities

八. 與金融工具相關的風險(續)

1. 金融工具分類(續)

資產負債表日的各類金融工具的賬面價值如下(續)：

2014年(續)

金融負債

		Financial liabilities at fair value through profit or loss 以公允價值計量 且其變動計入 當期損益的 金融負債	Other financial liabilities	Total 合計
Short-term loans	短期借款	-	2,765,864,402.35	2,765,864,402.35
Long-term borrowings	長期借款	-	7,271,880,584.20	7,271,880,584.20
Accounts payable	應付賬款	-	15,922,080,225.78	15,922,080,225.78
Notes payable	應付票據	-	10,867,683,844.51	10,867,683,844.51
Other payables	其他應付款	-	4,235,819,685.51	4,235,819,685.51
Bonds payable	應付債券	-	5,834,582,252.32	5,834,582,252.32
Non-current liabilities due within one year	一年內到期的非流動 負債	-	5,634,124,985.20	5,634,124,985.20
Interests payable	應付利息	-	196,311,317.66	196,311,317.66
Financial liabilities at fair value through profit or loss	以公允價值計量且 其變動計入當期 損益的金融負債	76,807,591.20	-	76,807,591.20
Long-term payable	長期應付款	-	5,180,106,146.40	5,180,106,146.40
Other current liabilities	其他流動負債	-	343,479,492.00	343,479,492.00
Other non-current liabilities	其他非流動負債	-	19,071,424.80	19,071,424.80
Dividends payable	應付股利	-	34,772,276.45	34,772,276.45
Total	合計	76,807,591.20	58,305,776,637.18	58,382,584,228.38

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

2. Transfers of Financial Assets

Transferred financial assets that had not been derecognised in their entirety

As at 31 December 2015, the Group had endorsed to its suppliers commercial acceptance bills for settling account payables with a carrying amount of RMB6,893,000.00 (31 December 2014: Nil). The Group considered that it retained substantially all of the risks and rewards including the related default risk. Accordingly, its and all related settled account payables continued to be fully recognized. After endorsement, the Group no longer retained its right of use, including the right to sell, transfer or pledge to other third parties. As at 31 December 2015, the Group's settled account payables had a total carrying amount of RMB6,893,000.00 (31 December 2014: Nil).

Transferred financial assets that had been derecognised in their entirety but continuously involved

As at 31 December 2015, the Group had endorsed to its suppliers bank acceptance bills, which remained outstanding, for settling account payables with a carrying amount of RMB2,818,049,462.43 (31 December 2014: RMB5,949,044,609.33). As at 31 December 2015, they were due in 1 to 12 months. If acceptance banks dishonor the bills, endorsees shall have the right to turn to the Group for recourse ("Continuing Involvement") according to the Law of Negotiable Instruments. The Group considered substantially all risk and reward of the bills have been transferred. Therefore, the Group derecognized the book value of the related accounts payable that have been settled by the bills. The undiscounted cash flow and maximum loss of continuing involvement and repurchase were equal to the book value of the bills. The Group considers the fair value of continuing involvement is not significant.

八、與金融工具相關的風險(續)

2. 金融資產轉移

已轉移但未整體終止確認的金融資產

於2015年12月31日，本集團已背書給供應商用於結算應付賬款的商業承兌匯票的賬面價值為人民幣6,893,000.00元(2014年12月31日：無)。本集團認為，本集團保留了其幾乎所有的風險和報酬，包括與其相關的違約風險，因此，繼續全額確認其及與之相關的已結算應付賬款。背書後，本集團不再保留使用其的權利，包括將其出售、轉讓或質押給其他第三方的權利。於2015年12月31日，本集團以其結算的應付賬款賬面價值總計為人民幣6,893,000.00元(2014年12月31日：無)。

已整體終止確認但繼續涉入的已轉移金融資產

於2015年12月31日，本集團未到期的已背書給供應商用於結算應付賬款的銀行承兌匯票的賬面價值為人民幣2,818,049,462.43元(2014年12月31日：人民幣5,949,044,609.33元)。於2015年12月31日，其到期日為1至12個月，根據《票據法》相關規定，若承兌銀行拒絕付款的，其持有人有權向本集團追索(「繼續涉入」)。本集團認為，本集團已經轉移了其幾乎所有的風險和報酬，因此，終止確認其及與之相關的已結算應付賬款的賬面價值。繼續涉入及回購的最大損失和未折現現金流量等於其賬面價值。本集團認為，繼續涉入公允價值並不重大。

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

2. Transfers of Financial Assets (Continued)

Transferred financial assets that had been derecognised in their entirety but continuously involved (Continued)

As at 31 December 2015, the book value of the Group's outstanding, discounted bank acceptance bills amounted to RMB44,487,805.36 (31 December 2014: RMB5,091,035.29). As at 31 December 2015, they were due within 1 to 6 months.

In 2015, the Group did not recognize any significant profit or loss at the date of transfer. The Group had no current or accumulated gain or expense arising from the continuing involvement in financial assets which had been derecognized. The endorsement and discount were incurred evenly throughout the year.

3. Financial instruments risks

The Group's major financial instruments, except for derivatives, include loans, bonds payable and cash and cash equivalents. The purpose of these financial instruments is to support daily operation of the Group. The Group also has various financial assets and liabilities caused from operation, such as accounts receivable and notes receivable, accounts payable and notes payable.

The Group also enters into derivative transactions, includes interest rate swaps and forward currency contracts. The purpose is to manage interest rate risks and exchange rate risks from the Group's operations and its sources of finance. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The major risks from the Group's financial instruments are credit risk, liquidity risk and market risk. The Group's risk management policy are summarised as follows.

八、與金融工具相關的風險(續)

2. 金融資產轉移(續)

已整體終止確認但繼續涉入的已轉移金融資產(續)

於2015年12月31日，本集團未到期的已貼現銀行承兌匯票的賬面價值為人民幣44,487,805.36元(2014年12月31日：人民幣5,091,035.29元)。於2015年12月31日，其到期日為1至6個月。

2015年度，本集團於其轉移日確認的利得或損失並不重大。本集團無因繼續涉入已終止確認金融資產當年度和累計確認的收益或費用。背書和貼現在本年度大致均衡發生。

3. 金融工具風險

本集團的主要金融工具，除衍生工具外，包括借款、應付債券、貨幣資金等。這些金融工具的主要目的在於為本集團的運營融資。本集團具有多種因經營而直接產生的其他金融資產和負債，如應收賬款及應收票據、應付賬款及應付票據等。

本集團亦開展衍生交易，主要包括利率互換、遠期外匯合同以及交叉貨幣利率掉期，目的在於管理本集團的運營及其融資渠道的利率風險和匯率風險。於整個年度內，本集團採取了不進行衍生工具投機交易的政策。

本集團的金融工具導致的主要風險是信用風險、流動性風險及市場風險。本集團對此的風險管理政策概述如下。

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

3. Financial instruments risks (Continued)

Credit risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control in the Group.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, available-for-sale financial assets, financial assets at fair value through profit or loss and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in Note XII.

The Group trades with its customers primarily on credit terms, and generally requires payment in advance or cash on delivery for new customers. Credit period is generally from one to six months, extending up to six months for major customers. Customers with good trading record could be granted a longer credit period. Since the Group trades only with recognized and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. The Group's maximum possible credit risk equals to the carrying amounts of accounts receivable in the consolidated balance sheet. As at 31 December 2015, the Group has no significant concentrations of credit risk as 5.76% (31 December 2014: 10.31%) of the Group's accounts receivable were receivables due from the top 5 customers.

八、與金融工具相關的風險(續)

3. 金融工具風險(續)

信用風險

本集團僅與經認可的、信譽良好的第三方進行交易。按照本集團的政策，需對所有要求採用信用方式進行交易的客戶進行信用審核。另外，本集團對應收賬款餘額進行持續監控，以確保本集團不致面臨重大壞賬風險。對於未採用相關經營單位的記賬本位幣結算的交易，除非本集團信用控制部門特別批准，否則本集團不提供信用交易條件。

本集團其他金融資產包括貨幣資金、可供出售的金融資產、以公允價值計量且其變動計入當期損益的金融資產及其他應收款等，這些金融資產的信用風險源自交易對手違約，最大風險敞口等於這些工具的賬面金額。本集團還因提供財務擔保而面臨信用風險，詳見附註十二中披露。

本集團與客戶間的貿易條款以信用交易為主，且一般要求新客戶預付款或採取貨到付款方式進行。信用期通常為1-6個月，主要客戶可以延長至6個月，交易記錄良好的客戶可獲得比較長的信貸期。由於本集團僅與經認可的且信譽良好的第三方進行交易，所以無需擔保物。信用風險集中按照客戶/交易對手、地理區域和行業進行管理。合併資產負債表中應收賬款的賬面價值正是本集團可能面臨的最大信用風險。於2015年12月31日，本集團的應收賬款中應收賬款前五名客戶的款項佔5.76% (2014年12月31日：10.31%)，本集團並未面臨重大信用集中風險。

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

3. Financial instruments risks (Continued)

Credit risk (Continued)

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable and other receivables are disclosed in Notes V.4 and 8.

Liquidity risk

The Group maintains balance between continuity and flexibility of capital through bank loans and debts to manage its liquidity risk.

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of bank borrowings, bonds and other interest-bearing borrowings. As at 31 December 2015, 59.32% (31 December 2014: 66.35%) of the Group's borrowings would mature in less than one year.

The table below summarizes the maturity profile of financial liabilities based on the undiscounted contractual cash flows:

2015

		Less than 3 months 少於3個月	Over 3 months to 1 year 3個月以上至1年	Over 1 year to 5 years 1年以上至5年	Over 5 years 5年以上	Total 合計
Short-term loans (including interest)	短期借款(含息)	173,790,917.21	2,867,047,361.34	-	-	3,040,838,278.55
Long-term borrowings (including interest)	長期借款(含息)	42,760,471.64	127,087,592.67	6,749,248,336.56	1,145,355,539.12	8,064,451,939.99
Accounts payable	應付賬款	9,008,010,804.16	5,256,742,643.55	-	-	14,264,753,447.71
Notes payable	應付票據	763,171,466.67	4,520,743,611.54	-	-	5,283,915,078.21
Other payables	其他應付款	3,087,071,269.12	346,725,660.08	353,108,296.60	-	3,786,905,225.80
Bonds payable (including interest)	應付債券(含息)	134,843,247.87	296,198,752.13	6,951,946,103.33	-	7,382,988,103.33
Non-current liabilities due within one year (including interest)	一年內到期的非流動 負債(含息)	117,630,144.57	5,503,628,162.60	-	-	5,621,258,307.17
Long-term payables	長期應付款	-	-	6,705,673,520.00	305,803,120.00	7,011,476,640.00
Other current liabilities	其他流動負債	-	112,061,588.80	-	-	112,061,588.80
Other non-current liabilities	其他非流動負債	-	28,685,893.60	-	-	28,685,893.60
Dividends payable	應付股利	2,940,000.00	2,189,313.52	-	-	5,129,313.52
		13,330,218,321.24	19,061,110,579.83	20,759,976,256.49	1,451,158,659.12	54,602,463,816.68
Financial liabilities at fair value through profit or loss	以公允價值計量且 其變動計入當期 損益的金融負債					
Cash inflow	現金流入	53,402,376.13	2,506,213,016.13	3,445,684,724.21	-	6,005,300,116.47
Cash outflow	現金流出	(37,243,708.57)	(2,539,720,748.57)	(3,297,639,529.79)	-	(5,874,603,986.93)

八、與金融工具相關的風險(續)

3. 金融工具風險(續)

信用風險(續)

本集團因應收賬款和其他應收款產生的信用風險敞口的量化數據，參見附註五、4和8中。

流動性風險

本集團通過利用銀行貸款及債務維持資金延續性與靈活性之間的平衡，以管理其流動性風險。

本集團的目標是運用銀行借款、債券和其他計息借款等多種融資手段以保持融資的持續性與靈活性的平衡。於2015年12月31日，本集團59.32% (2014年12月31日：66.35%)的債務在不足1年內到期。

下表概括了金融負債按未折現的合同現金流量所作的到期期限分析：

2015年

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

3. Financial instruments risks (Continued)

Liquidity risk (Continued)

2014

		Less than 3 months 少於3個月	Over 3 months to 1 year 3個月以上至1年	Over 1 year to 5 years 1年以上至5年	Over 5 years 5年以上	Total 合計
Short-term loans (including interest)	短期借款(含息)	481,681,051.02	2,349,128,025.28	-	-	2,830,809,076.30
Long-term borrowings (including interest)	長期借款(含息)	43,384,164.11	325,965,359.55	6,334,178,821.23	2,266,875,180.00	8,970,403,524.89
Accounts payable	應付賬款	7,132,174,852.03	8,789,905,373.75	-	-	15,922,080,225.78
Notes payable	應付票據	4,643,490,698.82	6,224,193,145.69	-	-	10,867,683,844.51
Other payables	其他應付款	4,052,689,917.74	183,129,767.77	-	-	4,235,819,685.51
Bonds payable (including interest)	應付債券(含息)	58,957,049.30	176,871,147.90	6,498,024,172.03	-	6,733,852,369.23
Non-current liabilities due within one year (including interest)	一年內到期的非流動 負債(含息)	737,441,730.65	5,161,451,425.04	-	-	5,898,893,155.69
Long-term payables	長期應付款	-	-	5,574,231,529.20	-	5,574,231,529.20
Other current liabilities	其他流動負債	-	343,479,492.00	-	-	343,479,492.00
Other non-current liabilities	其他非流動負債	-	19,071,424.80	-	-	19,071,424.80
Dividends payable	應付股利	34,772,276.45	-	-	-	34,772,276.45
		17,184,591,740.12	23,573,195,161.78	18,406,434,522.46	2,266,875,180.00	61,431,096,604.36
Financial liabilities at fair value through profit or loss	以公允價值計量且 其變動計入當期 損益的金融負債					
Cash inflow	現金流入	-	2,014,175,073.60	31,313,520.00	-	2,045,488,593.60
Cash outflow	現金流出	-	(2,087,433,799.20)	(31,567,010.40)	-	(2,119,000,809.60)

As at 31 December 2015, other secured obligations in respect of the Group's commitments to external parties are detailed in Note XII.

*Market risk**Interest rate risk*

The Group's exposure to the risk of changes in market interest rates primarily relates to the Group's financial instruments with a floating interest rate.

The table below is a sensitivity analysis of interest rate risk. It reflects the effects on the net profit (through the impact on floating interest rate of financial assets and liabilities) and net other comprehensive income after tax, when there are reasonable and potential changes in interest rates, under the presumption that other variables remain unchanged.

八、與金融工具相關的風險(續)

3. 金融工具風險(續)

流動性風險(續)

2014年

於2015年12月31日，本集團對外承擔其他保證責任的事項詳見附註十二。

*市場風險**利率風險*

本集團面臨的市場利率變動的風險主要與本集團以浮動利率計息的金融工具有關。

下表為利率風險的敏感性分析，反映了在其他變量不變的假設下，利率發生合理、可能的變動時，將對淨損益(通過對浮動利率金融資產和負債的影響)和其他綜合收益的稅後淨額產生的影響。

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

3. Financial instruments risks (Continued)

*Market risk (Continued)**Interest rate risk (Continued)*

八、與金融工具相關的風險(續)

3. 金融工具風險(續)

*市場風險(續)**利率風險(續)*

		Benchmark increase/ (decrease) 基點 增加/(減少)	Net profit increase/ (decrease) 淨損益 增加/(減少)	Net other comprehensive income after tax increase/ (decrease) 其他綜合收益的 稅後淨額 增加/(減少)	Equity increase/ (decrease)* 股東權益 合計 增加/(減少)*
2015	2015年				
RMB	人民幣	5	(8,992,138.27)	-	(8,992,138.27)
RMB	人民幣	(5)	8,992,138.27	-	8,992,138.27
2014	2014年				
RMB	人民幣	5	(1,801,872.36)	-	(1,801,872.36)
RMB	人民幣	(5)	1,801,872.36	-	1,801,872.36

Exchange rate risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases in currencies other than the operational unit's functional currency.

The table below is a sensitivity analysis of exchange rate risk for subsidiaries in China and Hong Kong. It reflects the effects on the net profit (due to changes in the fair value of monetary assets and monetary liabilities) and net other comprehensive income after tax (due to changes in the fair value of forward foreign exchange contracts), when there are reasonable and potential changes in exchange rate, under the presumption that other variables remain unchanged.

匯率風險

本集團面臨交易性的匯率風險。此類風險由於經營單位以其記賬本位幣以外的貨幣進行的銷售或採購所致。

下表為中國大陸和香港子公司匯率風險的敏感性分析，反映了在其他變量不變的假設下，以下所列外幣匯率發生合理、可能的變動時，將對淨損益（由於貨幣性資產和貨幣性負債的公允價值變化）和其他綜合收益的稅後淨額（由於遠期外匯合同的公允價值變化）產生的影響。

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

3. Financial instruments risks (Continued)

Market risk (Continued)

Exchange rate risk (Continued)

八、與金融工具相關的風險(續)

3. 金融工具風險(續)

市場風險(續)

匯率風險(續)

		Benchmark	Net profit	Net other	Equity
		increase/	increase/	comprehensive	increase/
		(decrease)	(decrease)	income after	(decrease)*
				tax	
				increase/	
				(decrease)	
				其他綜合收益的	股東權益
		匯率	淨損益	稅後淨額	合計
		增加/(減少)	增加/(減少)	增加/(減少)	增加/(減少)*
2015	2015年				
If RMB weakens against USD	人民幣對美元貶值	5%	(73,493,104.61)	-	(73,493,104.61)
If RMB strengthens against USD	人民幣對美元升值	5%	73,493,104.61	-	73,493,104.61
If RMB weakens against EUR	人民幣對歐元貶值	5%	127,913.77	-	127,913.77
If RMB strengthens against EUR	人民幣對歐元升值	5%	(127,913.77)	-	(127,913.77)
2014	2014年				
If RMB weakens against USD	人民幣對美元貶值	5%	29,062,499.35	-	29,062,499.35
If RMB strengthens against USD	人民幣對美元升值	5%	(29,062,499.35)	-	(29,062,499.35)
If RMB weakens against EUR	人民幣對歐元貶值	5%	(332,410,026.50)	-	(332,410,026.50)
If RMB strengthens against EUR	人民幣對歐元升值	5%	332,410,026.50	-	332,410,026.50

Except the subsidiaries in mainland China and Hong Kong, the other major exchange rate risk arises from KION GROUP AG. The major exchange rate risk in KION GROUP AG's financial instruments is measured by Value at Risk (VaR). VaR is calculated based on historical variance/covariance matrix. If the financial instruments are denominated in other currencies, the exchange rate risk shall only be included into VaR calculation. It means the exchange rate risk arisen from presentation currency of the Group translated from the financial statement of the subsidiary, for instance, exchange differences on foreign currency translation, is not included in it. As at 31 December 2015, the VaR of exchange rate risk amounted to EUR28,800,000.00 (31 December 2014: EUR19,700,000.00). Under the 97.7% (31 December 2014: 97.7%) confidence level, VaR is the upper limit of value loss in financial instruments in the coming year.

除中國大陸和香港子公司外，其他主要的匯率風險產生自KION GROUP AG。KION GROUP AG的金融工具中的重大匯率風險是以風險價值(VaR)計量。風險價值是以歷史方差/協方差矩陣計算。如果金融工具是以記賬本位幣以外的其他貨幣計價的，匯率風險才被包括在風險價值的計算中。這意味著，子公司個別財務報告折算為集團列報貨幣所產生的匯率風險，例如外幣報表折算差額，沒有被包括在其中。截至2015年12月31日匯率風險的風險價值為歐元28,800,000.00(2014年12月31日：歐元19,700,000.00)。風險價值是在97.7%(2014年12月31日：97.7%)的置信水平下在未來一年中金融工具所面臨的價值損失上限。

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

3. Financial instruments risks (Continued)

*Market risk (Continued)**Equity investment price risk*

Equity investment price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of share indices and the value of individual securities. The Group was exposed to equity investment price risk arising from individual equity investments classified as available-for-sale equity investments (Note V.12) as at 31 December 2015. The Group held listed equity investments that are listed on the Shanghai Stock Exchange and are valued at quoted market prices at the balance sheet date.

The following table demonstrates the sensitivity of the Group's net profit and equity to every 5% change in the fair values of the equity investments, with all other variables held constant (based on their carrying amounts at the balance sheet date). For the purpose of this sensitivity analysis, for the available-for-sale equity investments, the effect is deemed to be on the changes in fair values of available-for-sale equity investments and no account is given to factors such as impairment which might affect the income statement.

八、與金融工具相關的風險(續)

3. 金融工具風險(續)

*市場風險(續)**權益工具投資價格風險*

權益工具投資價格風險，是指權益性證券的公允價值因股票指數水平和個別證券價值的變化而降低的風險。於2015年12月31日，本集團暴露於因歸類為可供出售權益工具投資(附註五、12)的個別權益工具投資而產生的權益工具投資價格風險之下。本集團持有的上市權益工具投資在證券交易所上市，並在資產負債表日以市場報價計量。

下表說明了，在所有其他變量保持不變，本集團的淨損益和其他綜合收益的稅後淨額對權益工具投資的公允價值的每5%的變動(以資產負債表日的賬面價值為基礎)的敏感性。就本敏感性分析而言，對於可供出售權益工具投資，該影響被視為對可供出售權益工具投資公允價值變動的影響，而不考慮可能影響利潤表的減值等因素。

		Carrying amount of equity investments	Net profit and loss increase/(decrease)	Net other comprehensive income after tax Increase/(Decrease) 其他綜合收益的稅後淨額	Equity increase/(decrease)* 股東權益合計
		賬面價值	增加/(減少)	增加/(減少)	增加/(減少)*
2015	2015年				
Equity investments	權益工具投資				
Available-for-sale financial assets	可供出售金融資產	258,826,493.60	-	10,955,817.34	10,955,817.34
2014	2014年				
Equity investments	權益工具投資				
Available-for-sale financial assets	可供出售金融資產	256,312,290.80	-	10,846,713.07	10,846,713.07

VIII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

4. Capital Management

The key objectives of the Group's capital management are to maintain the Group's going concern and a sound capital ratio so as to support business development and maximize shareholders' value.

The Group manages its capital structure and adjusts it based on latest economic conditions and the changes in the risk profiles of the relevant assets. To maintain or adjust capital structure, the Group may adjust its profit distribution to shareholders, return capital to shareholders, repurchase outstanding shares or issue new shares. The Group is not constrained by any external mandatory requirements on capital. In 2015 and 2014, there had been no change in the objectives, policies or procedures of capital management of the Group.

The Group manages its capital with the gearing ratio, which refers to interest-bearing liabilities (excluding long-term payables) divided by the total sum of adjusted owners' equity and interest-bearing liabilities. The gearing ratio of the Group as of the balance sheet date is as follows:

		2015 2015年	2014 2014年
Short-term borrowings	短期借款	2,961,108,213.46	2,765,864,402.35
Long-term borrowings	長期借款	7,283,743,346.45	7,271,880,584.20
Bonds payable	應付債券	5,985,529,194.60	5,834,582,252.32
Non-current liabilities due within 1 year	一年內到期的非流動負債	2,654,022,047.19	2,745,527,321.20
Interest-bearing liabilities	有息負債	18,884,402,801.70	18,617,854,560.07
Owner's equity	股東權益	41,726,483,586.57	41,941,888,333.33
Add: Interest-bearing liabilities	加：有息負債	18,884,402,801.70	18,617,854,560.07
Owners' equity and interest-bearing liabilities	股權權益和有息負債	60,610,886,388.27	60,559,742,893.40
Gearing ratio	槓桿比率	31.16%	30.74%

八、與金融工具相關的風險(續)

4. 資本管理

本集團資本管理的主要目標是確保本集團持續經營的能力，並保持健康的資本比率，以支持業務發展並使股東價值最大化。

本集團管理資本結構並根據經濟形勢以及相關資產的風險特徵的變化對其進行調整。為維持或調整資本結構，本集團可以調整對股東的利潤分配、向股東歸還資本、回購已發行股份或發行新股。本集團不受外部強制性資本要求的約束。2015年度和2014年度，資本管理的目標、政策或程序未發生變化。

本集團採用槓桿比率來管理資本，槓桿比率是指計息負債(不含長期應付款)和調整後股東權益加計息負債的比率。本集團於資產負債表日的槓桿比率如下：

IX. DISCLOSURE OF FAIR VALUE

1. Assets and liabilities measured at fair value

2015

		Inputs used in the measurement of fair value 公允價值計量使用的輸入值			Total 合計
		Quoted prices in active markets (Level 1) 活躍市場報價 (第一層次)	Key observable inputs (Level 2) 重要可觀察 輸入值 (第二層次)	Key unobservable inputs (Level 3) 重要不可觀察 輸入值 (第三層次)	
Continuously measured at fair value Financial assets at fair value through profit or loss	持續的公允價值計量 以公允價值計量且 其變動計入當期 損益的金融資產	-	37,867,082.40	-	37,867,082.40
Listing available-for-sale equity instruments for available-for-sale financial assets	可供出售金融資產上市 可供出售權益工具	258,826,493.60	-	-	258,826,493.60
		258,826,493.60	37,867,082.40	-	296,693,576.00
Financial liabilities at fair value through profit or loss	以公允價值計量且 其變動計入當期 損益的金融負債	-	92,014,803.10	-	92,014,803.10

2014

2014年

		Inputs used in the measurement of fair value 公允價值計量使用的輸入值			Total 合計
		Quoted prices in active markets (Level 1) 活躍市場報價 (第一層次)	Key observable inputs (Level 2) 重要可觀察 輸入值 (第二層次)	Key unobservable inputs (Level 3) 重要不可觀察 輸入值 (第三層次)	
Continuously measured at fair value Financial assets at fair value through profit or loss	持續的公允價值計量 以公允價值計量且 其變動計入當期 損益的金融資產	-	66,996,021.60	-	66,996,021.60
Listing available-for-sale equity instruments for available-for-sale financial assets	可供出售金融資產上市 可供出售權益工具	256,312,290.80	-	-	256,312,290.80
		256,312,290.80	66,996,021.60	-	323,308,312.40
Financial liabilities at fair value through profit or loss	以公允價值計量且 其變動計入當期 損益的金融負債	-	76,807,591.20	-	76,807,591.20

IX. DISCLOSURE OF FAIR VALUE (CONTINUED)

2. Assets and liabilities disclosed at fair value

2015

		Inputs used in the measurement of fair value 公允價值計量使用的輸入值			Total 合計
		Quoted prices in active markets (Level 1) 活躍市場報價 (第一層次)	Key observable inputs (Level 2) 重要可觀察 輸入值 (第二層次)	Key unobservable inputs (Level 3) 重要不可觀察 輸入值 (第三層次)	
Long-term receivables	長期應收款	-	3,382,225,078.40	-	3,382,225,078.40
Long-term borrowings	長期借款	-	7,540,256,933.90	-	7,540,256,933.90
Bonds payable	應付債券	5,944,180,335.98	-	-	5,944,180,335.98
Long-term payables	長期應付款	-	6,644,874,751.20	-	6,644,874,751.20

2014

2014年

		Inputs used in the measurement of fair value 公允價值計量使用的輸入值			Total 合計
		Quoted prices in active markets (Level 1) 活躍市場報價 (第一層次)	Key observable inputs (Level 2) 重要可觀察 輸入值 (第二層次)	Key unobservable inputs (Level 3) 重要不可觀察 輸入值 (第三層次)	
Long-term receivables	長期應收款	-	2,584,732,011.48	-	2,584,732,011.48
Long-term borrowings	長期借款	-	8,446,207,721.92	-	8,446,207,721.92
Bonds payable	應付債券	5,927,942,734.85	-	-	5,927,942,734.85
Long-term payables	長期應付款	-	5,225,098,459.60	-	5,225,098,459.60

IX. DISCLOSURE OF FAIR VALUE (CONTINUED)

3. Estimation of fair value

Fair value of financial assets

The management has assessed the cash and cash equivalents, notes receivable, accounts receivable, financial products under other current assets, non-current assets due within 1 year, short-term borrowings, notes payable, accounts payable and long-term liabilities due within 1 year and long-term payables due within one year. In each case, the fair value and carrying value are similar due to short remaining period.

The finance team of the Group is led by the head of finance department. It is responsible for formulating policies and procedures applicable to the measurement of the fair value of financial instruments. The finance team directly reports to the Chief Financial Officer and the Audit Committee. On each balance sheet date, the finance team analyzes the change in value of financial instruments and ascertain the key inputs which apply to the valuation. The process and result of valuation is subject to approval by the Chief Financial Officer.

The fair value of financial assets and liabilities is determined as the amount at which well-informed parties undergo exchange of assets or settlement of debts out of free will and in a fair transaction. The following methods and assumptions are used in estimating fair values.

Financial assets at fair value through profit or loss include the forward contracts of subsidiaries. Financial liabilities at fair value through profit or loss include the forward contracts of subsidiaries and cross currency interest rate swap instruments. The Group believes that the fair value estimated using valuation techniques is reasonable and the most appropriate value as of the balance sheet date.

The fair values of the aforesaid equity instruments are determined according to quote prices on the market.

Fair values of long-term and short-term borrowings are determined using discount cash flows, at rates equal to market yield of other financial instruments with similar contract terms, credit risks and remaining term. As at 31 December 2015, non-performance risks underlying long-term and short-term borrowings were appraised as insignificant.

Fair values of bonds payable are determined as quoted prices on the market.

九、公允價值的披露(續)

3. 公允價值估值

金融資產公允價值

管理層已經評估了貨幣資金、應收票據、應收賬款、其他流動資產中的投資產品、一年內到期的非流動資產、短期借款、應付票據、應付賬款和一年內到期的長期負債、一年內到期的長期應付款等，因剩餘期限不長，公允價值與賬面價值相若。

本集團的財務團隊由財務部門負責人領導，負責制定金融工具公允價值計量的政策和程序。財務團隊直接向首席財務官和審計委員會報告。每個資產負債表日，財務團隊分析金融工具價值變動，確定估值適用的主要輸入值。估值流程和結果經首席財務官審核批准。

金融資產和金融負債的公允價值，以在公平交易中，熟悉情況的交易雙方自願進行資產交換或者債務清償的金額確定。以下方法和假設用於估計公允價值。

公允價值計量且其變動計入當期損益的金融資產包括下屬子公司的遠期合同。公允價值計量且其變動計入當期損益的金融負債包括下屬子公司的遠期合同和交叉貨幣利率互換工具。本集團相信，以估值技術估計的公允價值是合理的，並且亦是於資產負債表日最合適的價值。

上市的權益工具，以市場報價確定公允價值。

長短期借款採用未來現金流量折現法確定公允價值，以有相似合同條款、信用風險和剩餘期限的其他金融工具的市場收益率作為折現率。2015年12月31日，針對長短期借款等自身不履約風險評估為不重大。

應付債券，以市場報價確定公允價值。

IX. DISCLOSURE OF FAIR VALUE (CONTINUED)

4. Reconciliation of fair value measurement

Reconciliation of continuous level 3 fair value measurement is as follows:

2014

九、公允價值的披露(續)

4. 公允價值計量的調節

持續的第三層次公允價值計量的調節信息如下：

2014年

		The total amount of profit or loss for the current period 當期利得或損失總額										Change in unrealized profit or loss for the current period of assets held at year-end included in profit and loss
		At the beginning of year	Transfer into Level 3	Transfer out of Level 3	Credited to profit or loss	Credited to other comprehensive income	Purchase	Issue	Disposal	Settlement	At the end of year	At the end of year
		年初餘額	轉入第三層次	轉出第三層次	計入損益	計入其他綜合收益	購買	發行	出售	結算	年末餘額	當期末實現利得或損失的變動
Derivative financial assets	衍生金融資產											
Call options in relation to minority interests	少數股東權益買入期權	248,896,359.60	-	-	(47,589,934.06)	(24,086,813.54)	-	-	-	(177,219,612.00)	-	-
Put options in relation to minority interests	與少數股東權益相關的出售期權	637,865,012.36	-	-	3,937,223.25	(73,391,956.24)	-	-	-	(568,410,279.37)	-	-
		886,761,371.96	-	-	(43,652,710.81)	(97,478,769.78)	-	-	-	(745,629,891.37)	-	-

IX. DISCLOSURE OF FAIR VALUE (CONTINUED)

4. Reconciliation of fair value measurement (Continued)

In the continuous fair value measurement at level 3, profit and loss included in current profit and loss relating to financial assets and non-financial assets is analysed as follows:

		2014 2014年	
		Gains and losses relating to financial assets 與金融資產 有關的損益	Gains and losses relating to non-financial assets 與非金融資產 有關的損益
Total gains or losses included in profit or loss	計入當期損益的利得或損失總額	(43,652,710.81)	-
Change in unrealized profit or loss for the current period of assets held at year-end included in profit and loss	年末持有的資產計入的當期末實現利得或損失的變動	-	-

5. The level change in the fair value

In 2015, there were neither transfers between Level 1 and Level 2 for the measurement of fair value of financial assets and liabilities, nor transfer into or out of Level 3.

九、公允價值的披露(續)

4. 公允價值計量的調節(續)

持續的第三層次的公允價值計量中，計入當期損益的利得和損失中與金融資產和非金融資產有關的損益信息如下：

		2014 2014年	
		Gains and losses relating to financial assets 與金融資產 有關的損益	Gains and losses relating to non-financial assets 與非金融資產 有關的損益
Total gains or losses included in profit or loss	計入當期損益的利得或損失總額	(43,652,710.81)	-
Change in unrealized profit or loss for the current period of assets held at year-end included in profit and loss	年末持有的資產計入的當期末實現利得或損失的變動	-	-

5. 公允價值層次轉換

於2015年度，並無金融資產和金融負債公允價值計量在第一層次和第二層次之間的轉移，亦無轉入或轉出第三層次的情況。

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The related parties defined in these financial statements included the related parties under accounting standards and related parties under the information disclosure requirements of SFC.

1. Parent

	Registered address	Nature of business	Registered capital	Proportion of ownership interest in the Company 對本公司持股比例 (%)	Proportion of voting power in the Company 對本公司表決權比例 (%)
	註冊地	業務性質	註冊資本		
Weichai Group Holdings Limited 濰柴控股集團有限公司	Weifang City, Shandong Province 山東省 濰坊市	External investment financial guarantee investment advisory planning and organization/ coordination and management of production operating activities of corporates under the Group 對外投資經濟擔保投資 諮詢規劃組織/協調管理集團 所屬企業生產經營活動	RMB1,200,000,000.00 人民幣	16.83	16.83

Shandong Heavy Industry Group Co., Ltd. is the ultimate controller of the Company.

本公司的最終控制人為山東重工集團有限公司。

2. Subsidiaries

Details of subsidiaries are set out in Note VII.1.

2. 子公司

子公司信息詳見附註七、1。

3. Associates

Details of associates are set out in Note VII.3.

3. 聯營企業

聯營企業詳見附註七、3。

十、關聯方關係及其交易

本財務報表中界定的關聯方既包括會計準則中界定的關聯方，也包括證監會和交易所在信息披露規定中界定的關聯方。

1. 母公司

	Registered address	Nature of business	Registered capital	Proportion of ownership interest in the Company 對本公司持股比例 (%)	Proportion of voting power in the Company 對本公司表決權比例 (%)
	註冊地	業務性質	註冊資本		
Weichai Group Holdings Limited 濰柴控股集團有限公司	Weifang City, Shandong Province 山東省 濰坊市	External investment financial guarantee investment advisory planning and organization/ coordination and management of production operating activities of corporates under the Group 對外投資經濟擔保投資 諮詢規劃組織/協調管理集團 所屬企業生產經營活動	RMB1,200,000,000.00 人民幣	16.83	16.83

本公司的最終控制人為山東重工集團有限公司。

2. 子公司

子公司信息詳見附註七、1。

3. 聯營企業

聯營企業詳見附註七、3。

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Particulars of other related parties which entered into material transactions with the Group

十、關聯方關係及其交易(續)

4. 與本集團發生重大交易的其他關聯方情況

	Related party relationships 關聯方關係	Referred to as 簡稱
Shandong Heavy industry Group Co., Ltd 山東重工集團有限公司	Ultimate controller 最終控制人	Shandong Heavy Industry 山東重工
Weichai Group Holdings Limited 濰柴控股集團有限公司	Parent 母公司	Weichai Group Holdings 濰柴控股
Weichai (Weifang) Medium-duty Diesel Engine Co., Ltd. 濰柴(濰坊)中型柴油機有限公司	Common control by parent 同一母公司控制	Weichai Medium 濰柴中型
Shandong Weichai Import and Export Co., Ltd. 山東濰柴進出口有限公司	Common control by parent 同一母公司控制	Weichai Import and Export 濰柴進出口
Weichai Heavy-duty Machinery Co., Ltd. 濰柴重機股份有限公司	Common control by parent 同一母公司控制	Weichai Heavy-duty Machinery 濰柴重機
Yangzhou Yaxing Coach Co., Ltd. 揚州亞星客車股份有限公司	Common control by parent 同一母公司控制	Yangzhou Yaxing 揚州亞星
Yangzhou Shengda Special Vehicles Co., Ltd. 揚州盛達特種車有限公司	Common control by parent 同一母公司控制	Shengda Special Vehicles 盛達特種車
Weichai Generator Equipment Co., Ltd 濰柴發電設備有限公司	Common control by parent 同一母公司控制	Weichai Generator 濰柴發電
Chongqing Weichai Diesel Engine Limited 重慶濰柴發動機有限公司	Common control by parent 同一母公司控制	Chongqing Weichai 重慶濰柴
Chutian Engineering Machinery Company Limited 山推楚天工程機械有限公司	Same ultimate parent 同一最終控制人	Chutian Engineering 山推楚天
Shantui Engineering Machinery Co., Ltd. 山推工程機械股份有限公司	Same ultimate parent 同一最終控制人	Shantui Engineering 山推工程
Shandong Shantui Machinery Co., Ltd. 山東山推機械有限公司	Same ultimate parent 同一最終控制人	Shandong Shantui 山東山推
Shandong Heavy Industry Group Finance Co., Ltd. 山東重工集團財務有限公司	Same ultimate parent 同一最終控制人	Shandong Heavy Industry Finance Company 山東重工財務公司
Shanzhong Finance Leasing Co., Ltd. 山重融資租賃有限公司	Same ultimate parent 同一最終控制人	Shanzhong Finance Leasing 山重融資租賃

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Particulars of other related parties which entered into material transactions with the Group (Continued)

十、關聯方關係及其交易(續)

4. 與本集團發生重大交易的其他關聯方情況(續)

	Related party relationships 關聯方關係	Referred to as 簡稱
Shanzhong Jianji Co., Ltd. 山重建機有限公司	Same ultimate parent 同一最終控制人	Shanzhong Jianji 山重建機
Beiqi Foton Motor Co., Ltd. 北汽福田汽車股份有限公司	Same key management personnel 同一關鍵管理人員	Beiqi Foton 北汽福田
Shaanxi Automotive Holdings Group Co., Ltd. 陝西汽車控股集團有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Shaanxi Automotive Holdings 陝汽控股
Shaanxi Automobile Industry Co., Ltd. 陝汽實業有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Shaanxi Industry 陝汽實業
Shaanxi Automotive Group Co., Ltd. 陝西汽車集團有限責任公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Shaanxi Automotive 陝汽集團
Shaanxi Fast Gear Automotive Transmission Co., Ltd. 陝西法士特汽車傳動集團有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Shaanxi Fast Gear Automotive 陝法傳動
Shaanxi Huazhen Vehicle Parts Co., Ltd. 陝西華臻車輛部件有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Huazhen Parts 華臻部件
Shaanxi Huazhen Sancan Industry and Trading Services Co., Ltd. 陝西華臻工貿服務有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Huazhen Services 華臻服務
Shaanxi Tongli Special Purpose Vehicle Co., Ltd. 陝西通力專用汽車有限責任公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Tongli Special Purpose 通力專用
Shaanxi Lantong Transmission Axle Co., Ltd. 陝西藍通傳動軸有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Lantong Transmission 藍通傳動軸
Baoji Huashan Engineering Vehicles Co., Ltd. 寶雞華山工程車輛有限責任公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Baoji Vehicle 寶雞車輛
Xi'an Lande New Energy Automotive Technology Development Co., Ltd. 西安蘭德新能源汽車技術開發有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Lande New Energy 蘭德新能源
Shaanxi Wanfang Vehicle Parts and Components Co. Ltd. 陝西萬方汽車零部件有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Shaanxi Wanfang 陝西萬方

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

十、關聯方關係及其交易(續)

4. Particulars of other related parties which entered into material transactions with the Group (Continued)

4. 與本集團發生重大交易的其他關聯方情況(續)

	Related party relationships 關聯方關係	Referred to as 簡稱
Shaanxi Fangyuan Automobile Standard Components Co. Ltd. 陝西方圓汽車標準件有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Fangyuan Automobile 方圓汽車
Shaanxi Automobile Group Xunyang Baotong Special Purpose Vehicles Co., Ltd. 陝西汽車集團旬陽寶通專用車有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Xunyang Baotong 旬陽寶通
Shaanxi Automobile Group Yan'an Special Purpose Vehicles Co., Ltd. 陝西汽車集團延安專用車有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Yan'an Special Purpose Vehicles 延安專用車
Shaanxi Dongming Automobile System Co., Ltd. 陝西東銘車輛系統股份有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Dongming Automobile 東銘車輛
Shaanxi Zhongfu IDT Technology Co., Ltd. 陝西中富物聯科技服務有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Shaanxi Zhongfu 陝西中富
Shaanxi Shaanqi Auto City Hotel Co., Ltd. 陝西陝汽車城酒店有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Shaanqi Auto City 陝汽車城
Shanghai Yuanxing Supply Chain Management (Group) Limited 上海遠行供應鏈管理有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Yuanxing Supply Chain 遠行供應鏈
Shaanxi Zhongjiao Tianjian Vehicle Net Information Technology Co., Ltd. 陝西中交天健車聯網信息技術有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Zhongjiao Tianjian 中交天健
Shaanxi Deyin Logistic Services Co., Ltd. 陝西德銀物流服務有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Deyin Logistic 德銀物流
Shaanxi Deyin Leasing Co., Ltd. 德銀融資租賃有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Deyin Leasing 德銀租賃
Shaanxi Dongfeng Axle And Transmission System Co., Ltd. 陝西東風車橋傳動系統股份有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Dongfeng Axle 東風車橋
Shaanxi Tongchuang Huaheng Vehicle Radiator Co. Ltd. 陝西同創華亨汽車散熱有限責任公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Tongchuang Huaheng 同創華亨
Shaanxi Automobile Group Changsha Huantong Automobile Manufacturing Co., Ltd. 陝西汽車集團長沙環通汽車製造有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Changsha Huantong 長沙環通

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Particulars of other related parties which entered into material transactions with the Group (Continued)

十、關聯方關係及其交易(續)

4. 與本集團發生重大交易的其他關聯方情況(續)

	Related party relationships 關聯方關係	Referred to as 簡稱
Shaanxi Automobile Group Wenzhou Yunding Automobile Co., Ltd. 陝西汽車集團溫州雲頂汽車有限公司	Associate of substantial shareholder(s) of subsidiary(ies) 子公司重要股東之聯繫人	Wenzhou Yunding 溫州雲頂
Zhuzhou Gear Company Limited 株洲齒輪股份有限公司	Same key management personnel as subsidiaries 與子公司為同一關鍵管理人員	Zhuzhou Company 株齒股份
Zhuzhou Automobile Gear Factory 株洲汽車齒輪廠	Same key management personnel as subsidiaries 與子公司為同一關鍵管理人員	Zhuzhou Gear Factory 株齒廠
Xi'an FC Intelligence Transmission Co., Ltd. 西安雙特智能傳動有限公司	Jointly-controlled enterprise of subsidiaries 子公司之合營企業	FC Intelligence Transmission 雙特傳動
Shaanxi Tonghui Automotive Transportation Co., Ltd. 陝西通匯汽車物流有限公司	Associate of subsidiaries 子公司之聯營企業	Tonghui Transportation 通匯物流
CIMC-SHAC (Xi'an) Special Vehicles Co., Ltd. 中集陝汽重卡(西安)專用車有限公司	Associate of subsidiaries 子公司之聯營企業	CIMC-SHAC 中集重卡
Xi'an Cummins Engine Co., Ltd. 西安康明斯發動機有限公司	Associate of subsidiaries 子公司之聯營企業	Xi'an Cummins 西安康明斯
Baoding Shanqi Tianma Automobile Co., Ltd. 保定陝汽天馬汽車有限公司	Associate of subsidiaries 子公司之聯營企業	Shanqi Tianma 陝汽天馬
Shaanxi Eurostar Auto Co., Ltd. 陝西歐舒特汽車股份有限公司	Associate of subsidiaries 子公司之聯營企業	Eurostar 歐舒特
Shaanxi Automobile Wuhai Special Vehicles Co., Ltd. 陝汽烏海專用汽車有限公司	Associate of subsidiaries 子公司之聯營企業	Shaanxi Wuhai 陝汽烏海
Weichai Power Westport New Energy Engine Co., Ltd. 濰柴西港新能源動力有限公司	Associate of parent 母公司之聯營企業	Westport New Energy 西港新能源

Note: As KION GROUP AG became a subsidiary of the Group in June 2014, it was still an associate of the Group during the period from January to June 2014. The related party amount of transactions between the Group and KION GROUP AG is included in the comparative amounts disclosed in the financial report of the year.

註：KION GROUP AG於2014年6月作為本集團新增子公司，故2014年1-6月仍為本集團的聯營企業，本年財務報告披露對比數中包含本集團與KION GROUP AG的關聯方交易額。

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major transactions between the Group and its related parties

(1) Transaction of goods and services with related parties

Purchase of goods from related parties (excluding tax)

十、關聯方關係及其交易(續)

5. 本集團與關聯方的主要交易

(1) 關聯方商品和勞務交易

自關聯方購買商品(不含稅)

		2015 2015年	2014 2014年
Shaanxi Fast Gear Automotive	陝法傳動	1,823,165,163.63	2,628,027,621.19
Westport New Energy	西港新能源	1,032,309,946.50	3,735,450,073.56
Weichai Import and Export	濰柴進出口	479,062,398.36	256,233,620.43
Shaanxi Wanfang	陝西萬方	465,731,337.56	466,348,441.89
Tongli Special Purpose	通力專用	441,446,468.67	701,367,209.12
Weichai Medium	濰柴中型	317,977,424.56	210,573,378.03
Xi'an Cummins	西安康明斯	214,120,641.62	208,736,179.51
Weichai Heavy-duty Machinery	濰柴重機	187,006,868.15	264,996,731.27
Lantong Transmission	藍通傳動軸	82,146,217.88	118,880,653.37
Huazhen Parts	華臻部件	63,053,445.58	136,573,400.65
Fc Intelligence Transmission	雙特傳動	61,456,408.84	11,379,261.83
Zhongjiao Tianjian	中交天健	51,538,628.96	61,267,143.18
CIMC-SHAC	中集重卡	45,990,887.86	149,685,583.93
Fangyuan Automobile	方圓汽車	42,190,130.49	75,139,035.24
Baoji Vehicle	寶鷄車輛	39,052,745.38	37,035,335.91
Tongchuang Huaheng	同創華亨	36,832,741.96	71,629,825.88
Dongming Automobile	東銘車輛	36,145,353.20	38,276,292.85
Others	其他	609,608,905.69	459,405,298.42
		6,028,835,714.89	9,631,005,086.26

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major transactions between the Group and its related parties (Continued)

(1) Transaction of goods and services with related parties (Continued)

Receiving services from related parties

		Note	2015	2014
		註	2015年	2014年
Weichai Group Holdings	濰柴控股		301,021,068.76	184,162,018.42
Tonghui Transportation	通匯物流	1	98,244,127.49	53,540,971.22
Shaanxi Industry	陝汽實業		56,114,605.62	–
Shaanxi Fast Gear Automotive	陝法傳動		35,075,114.44	40,162,840.60
Chongqing Weichai	重慶濰柴		30,454,859.31	34,253,136.27
KION GROUP AG	KION GROUP AG		–	84,785,460.00
Shaanxi Automotive	陝汽集團		–	54,692,859.85
Others	其他		230,983,929.93	7,872,383.05
			751,893,705.55	459,469,669.41

Rendering services to related parties

向關聯方提供勞務

			2015	2014
			2015年	2014年
Weichai Heavy-duty Machinery	濰柴重機		17,633,911.41	8,919,870.68
FC Intelligence Transmission	雙特傳動		7,849,186.09	7,101,831.55
Shaanxi Industry	陝汽實業		7,609,290.90	7,510,485.95
Weichai Import and Export	濰柴進出口		7,158,962.88	8,889,421.50
Westport New Energy	西港新能源		3,932,792.71	10,460,173.36
Weichai Medium	濰柴中型		2,503,138.85	10,564,633.49
Others	其他		137,339,987.61	2,567,694.51
			184,027,270.45	56,014,111.04

Note 1: From January to December 2015, Tonghui Transportation provided comprehensive services including agency procurement, warehousing, logistics distribution and receipt and payment services to Shaanxi Heavy-duty Motor Co., Ltd, a subsidiary of the Company. Agency services provided by Tonghui Transportation to Shaanxi Heavy-duty Motor Co., Ltd. amounted to RMB98,244,127.49 (2014: RMB53,540,971.22), and goods purchased by Tonghui Transportation on behalf of Shaanxi Heavy-duty Motor Co., Ltd. amounted to RMB1,830,864,325.06 (2014: RMB2,297,329,585.72) during this year.

註1: 於2015年1-12月, 通匯物流為本公司之子公司陝西重型汽車有限公司提供代理採購、倉儲、物流配送及代為收付等綜合服務。本年陝西重型汽車有限公司接受通匯物流的代理服務金額為人民幣98,244,127.49元(2014年: 人民幣53,540,971.22元); 代理採購的貨物金額為人民幣1,830,864,325.06元(2014年: 人民幣2,297,329,585.72元)。

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major transactions between the Group and its related parties (Continued)

(1) Transaction of goods and services with related parties (Continued)

Sale of goods to related parties (excluding tax)

十、關聯方關係及其交易(續)

5. 本集團與關聯方的主要交易(續)

(1) 關聯方商品和勞務交易(續)

向關聯方銷售商品(不含稅)

		2015	2014
		2015年	2014年
Shaanxi Fast Gear Automotive	陝法傳動	1,059,247,671.91	1,604,957,869.15
Westport New Energy	西港新能源	455,825,143.04	1,977,827,765.25
Beiqi Foton	北汽福田	389,009,577.84	481,348,958.93
Weichai Import and Export	濰柴進出口	298,355,137.11	275,415,044.48
Yangzhou Yaxing	揚州亞星	215,310,443.72	171,322,299.97
Weichai Generator	濰柴發電	201,035,816.86	181,603,198.03
Weichai Medium	濰柴中型	192,167,081.38	100,630,171.68
Shaanxi Wanfang	陝西萬方	177,628,622.17	199,173,576.38
Weichai Heavy-duty Machinery	濰柴重機	115,023,030.78	207,524,248.41
Baoji Vehicle	寶鷄車輛	111,650,614.14	121,221,427.85
Shengda Special Vehicles	盛達特種車	59,241,870.54	70,477,408.81
Tongli Special Purpose	通力專用	48,106,774.79	140,653,542.56
Huazhen Parts	華臻部件	41,190,420.60	248,470,272.89
Yan'an Special Purpose Vehicles	延安專用車	34,310,674.31	24,196,845.48
Shantui Engineering	山推工程	33,756,215.82	94,979,523.87
Shaanxi Zhongfu	陝西中富	33,721,677.04	104,630,199.05
Huazhen Services	華臻服務	13,439,937.81	44,419,349.57
Shaanxi Wuhai	陝汽烏海	12,537,867.14	-
FC Intelligence Transmission	雙特傳動	12,366,206.79	22,105,833.98
KION GROUP AG	KION GROUP AG	-	458,345,160.00
Changsha Huantong	長沙環通	-	32,455,598.65
Others	其他	1,412,698,615.43	928,813,604.07
		4,916,623,399.22	7,490,571,899.06

During the year, the prices for the Group's sale of goods and rendering of services to related parties as well as purchase of goods and receiving services from related parties were determined with reference to market rates.

本年度，本集團向關聯方銷售商品、提供勞務價格、採購商品及接受勞務參考市場價格決定。

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major transactions between the Group and its related parties (Continued)

(2) Leasing with related parties
As lessor

				2015	2014
				2015年	2014年
Type of leased property				Lease revenue	Lease revenue
租賃資產種類				租賃收入	租賃收入
FC Intelligence Transmission	雙特傳動	Buildings and equipment	房屋設備	16,223,243.40	16,223,243.40
Westport New Energy	西港新能源	Buildings	房屋	10,552,660.00	4,179,700.00
Tonghui Transportation	通匯物流	Buildings and equipment	房屋設備	10,045,275.69	10,049,960.64
Xi'an Cummins	西安康明斯	Buildings, equipment and land	房屋設備土地	8,252,683.68	8,161,963.68
Shanzhong Finance Leasing	山重融資租賃	Buildings	房屋	5,979,706.08	6,084,206.08
Weichai Generator	濰柴發電	Buildings	房屋	4,500,000.00	4,500,000.00
Huazhen Parts	華臻部件	Buildings and equipment	房屋設備	3,432,815.06	3,492,713.14
Weichai Import and Export	濰柴進出口	Buildings	房屋	3,125,978.64	4,747,689.53
Shaanqi Auto City	陝汽車城	Buildings	房屋	435,339.00	328,536.00
Shaanxi Industry	陝汽實業	Buildings	房屋	398,037.60	323,060.40
Shaanxi Wanfang	陝西萬方	Buildings	房屋	322,099.20	117,240.00

As Lessee

作為承租人

				2015	2014
				2015年	2014年
Type of leased property				Lease fee	Lease fee
租賃資產種類				租賃費	租賃費
Shaanxi Industry	陝汽實業	Buildings	房屋	18,621,764.64	18,524,869.68
Shaanxi Fast Gear Automotive	陝法傳動	Buildings	房屋	13,217,496.56	12,356,558.42
Weichai Group Holdings	濰柴控股	Buildings and equipment	房屋設備	7,571,077.73	38,147,377.22
Zhuzhou Company	株齒股份	Buildings	房屋	4,666,800.00	6,670,800.00
Chongqing Weichai	重慶濰柴	Buildings	房屋	4,000,000.00	4,000,000.00
Shaanxi Automotive	陝汽集團	Buildings	房屋	2,812,212.96	3,334,857.66

During the year, the prices for the Group's leasing with related parties were determined with reference to market rates.

本年度，本集團與關聯方租賃業務價格參考市場價格決定。

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major transactions between the Group and its related parties (Continued)

(3) Transfer of assets with related parties

				Particulars of transaction	2015	2014
				交易內容	2015年	2014年
Shaanxi Fast Gear Automotive	陝法傳動	Purchase of fixed assets	購買固定資產		268,887.01	268,887.01
Shaanxi Fast Gear Automotive	陝法傳動	Sale of fixed assets	出售固定資產		-	1,900,603.80
Weichai Import and Export	濰柴進出口	Purchase of fixed assets	購買固定資產		2,199,239.66	4,294,254.33
Weichai Heavy-duty Machinery	濰柴重機	Purchase of fixed assets	購買固定資產		4,104.63	-
Weichai Heavy-duty Machinery	濰柴重機	Sale of fixed assets	出售固定資產		3,685,493.49	9,071,952.69
Weichai Group Holdings	濰柴控股	Purchase of fixed assets	購買固定資產		974,176.22	50,274.24
Weichai Group Holdings	濰柴控股	Sale of fixed assets	出售固定資產		150,020.21	727,294.75
Weichai Generator	濰柴發電	Sale of fixed assets	出售固定資產		8,682.67	134,094.92

During the year, the Group's purchase and sale of fixed assets from and to related parties were on prices determined with reference to market rates.

Except for the transactions with associates, all the above transactions of goods and services with related parties, leasing with related parties and transfer of assets with related parties also constitute connected transactions or continuing connected transactions as defined under Chapter 14A of the Hong Kong Listing Rules.

(4) Other related party transactions

- (a) Deyin Leasing provides Shaanxi Heavy-duty Motor Company Limited, a subsidiary in the Group, with services of financial leasing. It was agreed among Deyin Leasing and third-party distributors that for the vehicle monies of related business to be receivable by the Group from distributors, Deyin Leasing may take up the payment obligation on behalf of the distributors. In 2015, the amount of vehicle sales through this business mode amounted to RMB1,442,696,040.00 (2014: RMB1,274,460,410.72).

十、關聯方關係及其交易(續)

5. 本集團與關聯方的主要交易(續)

(3) 關聯方資產轉讓

本年度，本集團向關聯方採購和銷售固定資產價格參考市場價格決定。

除與聯營公司進行之交易外，所有上述關聯方商品和勞務交易、關聯方租賃及關聯方資產轉讓同時構成《香港上市規則》第14A章中定義的關連交易或持續關連交易。

(4) 其他關聯方交易

- (a) 德銀租賃為本集團之子公司陝西重型汽車有限公司提供融資租賃業務，德銀租賃和第三方經銷商同意對於本集團應收經銷商的相關業務的車款，可由德銀租賃代經銷商承擔付款義務。2015年通過該種業務模式銷售的車輛金額為人民幣1,442,696,040.00元(2014年：人民幣1,274,460,410.72元)。

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major transactions between the Group and its related parties (Continued)

(4) Other related party transactions (Continued)

(b) Shanzhong Finance Leasing provides Shaanxi Heavyduty Motor Company Limited, a subsidiary in the Group, with services of financial leasing. In 2015, the amount of vehicle sales through this business mode amounted to RMB393,395,717.00. Shaanxi Heavy-duty Motor Company Limited guaranteed repurchase of physical assets upon presentation in respect of the failure to pay the instalment payments and interests under the finance lease. The balance of rental of repurchase of physical assets upon presentation (being outstanding balance of principal on finance lease borrowings) was RMB728,010,000.00 (31 December 2014: RMB1,142,020,000.00). For details, see Note XII.3.

(c) On 21 March 2013, the Group entered into the Financial Services Agreement with Shandong Heavy Industry Group Finance Co., Ltd. ("Shandong Heavy-duty Finance Company"). Pursuant to the agreement, Shandong Heavy-duty Finance Company provided deposit, credit, accounting and clearing services as well as other financial services to the Company and its controlling subsidiaries. The interest rates for credit relating to financial services as well as fee rates are determined according to the Financial Services Agreement and based upon the relevant requirements of the People's Bank of China's under which the lending rate shall not exceed the minimum level permitted under the interest rates and fee rates for money lending of similar types and categories available to the Group from other major commercial banks in the PRC.

十、關聯方關係及其交易(續)

5. 本集團與關聯方的主要交易(續)

(4) 其他關聯方交易(續)

(b) 山重融資租賃為本集團之子公司陝西重型汽車有限公司提供融資租賃業務，2015年通過該種業務模式銷售的車輛金額為人民幣393,395,717.00元。陝西重型汽車有限公司為融資租賃的承租方未能支付的融資租賃分期付款及利息提供見物回購責任，見物回購租金餘額(即尚未到期的融資租賃貸款本金餘額)為人民幣728,010,000.00元(2014年12月31日：人民幣1,142,020,000.00元)。具體情況參見附註十二、3。

(c) 本集團與山東重工集團財務有限公司(「山東重工財務公司」)於2013年3月21日簽訂《金融服務協議》，根據協議，山東重工財務公司為公司及控股子公司提供存款、信貸、結算及其他金融服務等。有關金融服務信貸利率和費率根據《金融服務協議》滿足中國人民銀行有關貸款利率相關規定的基礎上不高於本集團在其他中國國內主要商業銀行取得的同類同檔次信貸利率及費率允許的最低水平確定。

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Major transactions between the Group and its related parties (Continued)

(4) Other related party transactions (Continued)

(c) (Continued)

Amounts of transactions with Shandong Heavy Industry Finance Company are as follows:

		2015 2015年	2014 2014年
Bank deposit placed	存放銀行存款	91,886,692,614.93	54,309,331,290.58
Interest income	利息收入	367,846,315.70	131,913,256.69
Interest expenses	利息支出	9,339,068.14	10,755,375.00
Acquisition of short-term borrowings	取得短期借款	150,000,000.00	120,000,000.00
Acquisition of long-term borrowings	取得長期借款	120,807,751.45	-
Establishment of bank acceptance bills	開具銀行承兌匯票	1,461,130,093.50	49,697,310.66

本集團與山東重工財務公司發生的各項交易額如下：

Balances of accounts with Shandong Heavy Industry Finance Company are as follows:

		2015 2015年	2014 2014年
Cash and cash equivalents placed with related parties	存放關聯方的貨幣資金	12,634,249,570.97	10,797,455,619.70
Interest receivable	應收利息	51,793,725.00	133,399,138.89
Short-term borrowings	短期借款	120,000,000.00	120,000,000.00
Long-term borrowings	長期借款	120,807,751.45	100,000,000.00
Non-current liabilities due within one year	一年內到期的非流動負債	100,000,000.00	-
Balance of bank acceptance bills established	開具的銀行承兌匯票餘額	656,349,921.56	49,697,310.66

本集團與山東重工財務公司的各項往來餘額如下：

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties

十、關聯方關係及其交易(續)

6. 關聯方應收應付款項餘額

		2015 2015年		2014 2014年	
		Gross carrying amount 賬面餘額	Provision for bad debt 壞賬準備	Gross carrying amount 賬面餘額	Provision for bad debt 壞賬準備
Accounts receivable	應收賬款				
Weichai Heavy-duty Machinery	濰柴重機	92,844,247.27	(6,728,851.84)	56,720,286.68	(4,151,658.94)
Westport New Energy	西港新能源	75,498,168.59	(3,034,017.26)	38,811,877.95	(1,940,593.90)
Changsha Huantong	長沙環通	71,246,913.98	(14,770,406.04)	72,094,410.03	(4,739,071.75)
Beiqi Foton	北汽福田	52,398,951.88	(2,710,424.98)	23,002,085.33	(1,178,178.06)
Yuanxing Supply Chain	遠行供應鏈	52,382,380.00	(7,372,807.00)	118,342,376.00	(5,917,118.80)
FC Intelligence Transmission	雙特傳動	51,967,576.89	(2,598,378.84)	26,802,272.74	(1,342,430.24)
Eurostar	歐舒特	40,881,105.39	(27,384,919.49)	40,596,412.38	(25,035,540.50)
Shengda Special Vehicles	盛達特種車	38,788,181.68	(1,939,409.08)	41,820,270.14	(2,091,013.51)
Weichai Generator	濰柴發電	37,385,429.48	(1,869,271.47)	10,708,740.00	(535,437.00)
Yangzhou Yaxing	揚州亞星	32,360,380.91	(1,609,883.47)	25,456,543.93	(1,274,062.20)
Yan'an Special Purpose Vehicles	延安專用車	25,332,584.00	(1,266,629.20)	19,558,815.00	(977,940.75)
Shaanxi Wuhai	陝汽烏海	24,790,783.50	-	-	-
Others	其他	344,484,417.37	(9,429,770.57)	222,020,965.31	(12,185,192.15)
		940,361,120.94	(80,714,769.24)	695,935,055.49	(61,368,237.80)
Other receivables	其他應收款				
Shanqi Tianma	陝汽天馬	13,778,740.01	(10,872,216.01)	13,311,675.37	(10,649,340.30)
Zhuzhou Gear Factory	株齒廠	11,729,070.78	-	11,332,107.81	-
Zhuzhou Company	株齒股份	9,730,399.70	-	7,988,767.67	-
Others	其他	84,484,528.98	(94,921.17)	78,489,147.19	(704,494.16)
		119,722,739.47	(10,967,137.18)	111,121,698.04	(11,353,834.46)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

十、關聯方關係及其交易(續)

6. 關聯方應收應付款項餘額(續)

		2015 2015年	2014 2014年
Notes receivable (Bank acceptance bills)	應收票據(銀行承兌匯票)		
Yangzhou Yaxing	揚州亞星	214,260,430.29	148,078,777.51
Weichai Heavy-duty Machinery	濰柴重機	152,000,000.00	40,100,000.00
Deyin Leasing	德銀租賃	83,700,000.00	-
Weihai Import and Export	濰柴進出口	53,000,000.00	-
Shengda Special Vehicles	盛達特種車	32,153,400.00	32,389,500.00
Baoji Vehicle	寶鷄車輛	32,000,000.00	6,860,000.00
Beiqi Foton	北汽福田	22,280,000.00	3,630,000.00
Others	其他	39,587,247.56	35,330,000.00
		628,981,077.85	266,388,277.51
Prepayments	預付款項		
Deyin Logistic	德銀物流	33,341,774.27	21,863,555.82
Others	其他	35,280,091.10	40,725,386.72
		68,621,865.37	62,588,942.54
Dividends receivable	應收股利		
Eurostar	歐舒特	3,040,000.00	3,040,000.00
Tonghui Transportation	通匯物流	3,440,000.00	-
		6,480,000.00	3,040,000.00
Accounts payable	應付賬款		
Tonghui Transportation	通匯物流	543,027,580.74	189,675,651.77
Shaanxi Fast Gear Automotive	陝法傳動	359,348,397.64	260,414,122.75
Tongli Special Purpose	通力專用	162,781,843.66	108,723,117.21
Weihai Import and Export	濰柴進出口	139,429,864.04	43,026,012.07
Shaanxi Wanfang	陝西萬方	104,896,021.22	112,215,499.84
Xi'an Cummins	西安康明斯	39,103,656.61	48,065,279.22
Lantong Transmission	藍通傳動軸	28,014,092.40	20,634,819.97
CIMC-SHAC	中集重卡	26,321,527.10	30,172,556.92
Others	其他	186,664,716.55	295,977,704.67
		1,589,587,699.96	1,108,904,764.42

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

十、關聯方關係及其交易(續)

6. 關聯方應收應付款項餘額(續)

		2015 2015年	2014 2014年
Notes receivable (Bank acceptance bills)	應付票據(銀行承兌匯票)		
Tonghui Transportation	通匯物流	494,975,712.00	581,254,600.00
Westport New Energy	西港新能源	186,257,619.46	1,235,232,821.17
Shaanxi Wanfang	陝西萬方	80,800,000.00	-
Xi'an Cummins	西安康明斯	39,500,000.00	-
Lantong Transmission	藍通傳動軸	18,047,191.18	1,110,500.00
Tongli Special Purpose	通力專用	9,252,067.88	14,667,300.00
Others	其他	11,804,973.08	-
		840,637,563.60	1,832,265,221.17
Prepayments	預收款項		
Weichai Middle-sized	濰柴中型	10,685,909.01	-
Baoji Vehicles	寶鷄車輛	5,037,163.00	4,142,950.00
Huazhen Parts	華臻部件	314,500.64	2,288,482.00
Weichai Import and Export	濰柴進出口	158,682.09	-
Wenzhou Yunding	溫州雲頂	118,574.90	125,378.90
Tongli Special Purpose	通力專用	72,196.00	2,024,565.00
Changsha Huantong	長沙環通	2,201.60	999,574.23
Others	其他	151,792.00	69,718.00
		16,541,019.24	9,650,668.13
Other payables	其他應付款		
Shaanxi Industry	陝汽實業	73,980,291.12	15,605,596.21
Shaanxi Automotive	陝汽集團	60,623,678.82	112,701,337.18
Shandong Heavy Industry	山東重工	-	33,000,000.00
Others	其他	67,324,741.70	22,025,498.63
		201,928,711.64	183,332,432.02
Dividends payable	應付股利		
Shaanxi Automotive	陝汽集團	2,940,000.00	32,827,177.30
Long-term payables	長期應付款		
Other immaterial associates	其他非重大聯營公司	229,501,339.20	129,153,358.80
Non-current liabilities due within one year	一年內到期的非流動負債		
Other immaterial associates	其他非重大聯營公司	126,734,462.40	191,407,618.80

Other than long-term payables and non-current liabilities due within one year, amounts due from/to related parties were non-interest bearing and unsecured. Of which the terms of repayment for amounts of trading nature will follow the requirement of terms of trading, while amounts of non-trading nature have no fixed terms of repayment.

除長期應付款、一年內到期的非流動負債以外，應收及應付關聯方款項均不計利息、無抵押，其中，貿易往來的還款期遵從貿易條款規定，非貿易往來無固定還款期。

XI. SHARE-BASED PAYMENT

Share-based Payment Project Applicable to Staff Members of KION

On 1 October 2014, KION GROUP AG introduced a share-based payment project applicable to KION's staff members in Germany (Project 2014). Since 1 October 2015, KION GROUP AG introduced its share-based payment projects applicable to its staff members in Germany, China, United Kingdom, France and Italy (Project 2015). Under Project 2015, a staff member may participate in the project by giving a declaration of acceptance during the period from 2 to 31 October 2015. Only those who have, before the commencement of the agreement, signed permanent employment contract with KION GROUP AG and been working for KION GROUP AG for at least one year are qualified to participate in the project. Currently, KION GROUP AG, 12 German subsidiaries and 34 overseas subsidiaries have participated in Project 2015. KION GROUP AG will consider extending the coverage of project to more countries in the years to come.

Under the share-based payment project for staff members, a participating staff member will, through a share placement plan, be entitled to one bonus share, free of charge, to match with every three shares in KION GROUP AG that have been held for three years. KION GROUP AG is entitled to provide cash payments in lieu of the grant of bonus shares. To motivate staff's participation in this project, KION GROUP AG will grant a first-time participant, on a free-of-charge basis, one share to correspond with every 27 shares initially purchased by him/her/it. If the participant has sold the shares of KION GROUP AG or no longer works for KION GROUP AG, he/she/it will no longer be eligible for such right to receive such free-of-charge shares. Fair value of the equity-settled share-based payment as at each assessment date is assessed using Monte-Carlo simulation, with the following key parameters for measurement:

Parameters for measurement (EUR)	計量參數(歐元)	Project 2015 2015項目	Project 2014 2014項目
Dividend yield	股息生息率	0.88	0.88
Share price of KION GROUP AG on date of grant	授予日KION GROUP AG股價	41.01	29.02

十一、股份支付

KION員工股份支付項目

2014年10月1日，KION GROUP AG引進一項面向德國公司的員工KION員工股份支付項目(2014項目)，KION GROUP AG自2015年10月1日起面向德國、中國、英國、法國和意大利公司的員工實施員工股份支付項目(2015項目)。2015項目中的員工可以自2015年10月2日至31日通過發表一個接受聲明參與本項目，只有在協議開始前已與KION GROUP AG簽訂了永久僱傭合同，且參與工作至少一年的員工才有資格加入本項目。目前參與2015項目的有KION GROUP AG及12個德國子公司和34個外國子公司，KION GROUP AG考慮在以後年度將這個項目拓展到更多的國家。

員工股份支付項目通過配股計劃對參與員工持有的每三股KION GROUP AG股票滿三年時有權獲得一股免費的匹配紅股，KION GROUP AG有權通過現金支付替代授予紅股。KION GROUP AG為激勵員工參與本項目，對首次參與本項目的員工最初購買的每27股股票無償贈送一股股票。如果本項目參與者出售了KION GROUP AG的股票或者離職，將無權獲得無償股票。授予的以權益結算股份支付於每個評估日採用蒙特·卡羅模型評估公允價值，具體重要計量參數如下：

XI. SHARE-BASED PAYMENT (CONTINUED)

Share-based Payment Project Applicable to Staff Members of KION (Continued)

Movements in the number of bonus shares granted to staff members of KION GROUP AG are as follows:

Shares	股票(股數)	2015 2015年	2014 2014年
Opening balance	年初數	29,116.00	-
Granted during the year	本年授予	24,504.00	29,146.00
Lapsed during the year	本年失效	(400.00)	(30.00)
Closing balance	年末數	53,220.00	29,116.00

In 2015, 24,504 (2014: 29,146) bonus shares were granted by KION GROUP AG, among which 400 (2014: 30) shares have lapsed. In addition, 8,740 (2014: 20,856) free-of-charge shares have been granted by KION GROUP AG. As at 31 December 2015, the fair value of the bonus shares under the project was EUR38.57 per share. In 2015, total costs recognized in respect of equity-settled share-based payments in relation to the project was EUR636,000.00, equivalent to RMB4,417,656.00 (2014: EUR679,000.00, equivalent to RMB5,532,559.90).

Share Incentive Scheme Applicable to KION Managers

In March 2015, a Share Incentive Scheme implemented by KION GROUP AG became applicable to managers with retrospective effect from 1 January 2015, for a term of three years (KION 2015 Senior Management Long-term Incentive Scheme).

The remuneration component measured over the long term is based in equal parts on the total shareholder return (TSR) of KION GROUP AG shares compared with the STOXX®Europe TMI Industrial Engineering index as a measure of market performance, and with return on capital employed (ROCE) as an internal measure. It also depends on the performance of KION GROUP AG shares during the relevant period.

十一、股份支付(續)

KION員工股份支付項目(續)

KION GROUP AG授予員工紅股數量的變動如下：

2015年，KION GROUP AG授予24,504股紅股(2014年，29,146股)，其中400股已失效(2014年，30股)；此外，2015年KION GROUP AG已無償贈送8,740股股票(2014年，20,856股)。截至2015年12月31日，本項目紅股的公允價值為每股38.57歐元。2015年，與本項目相關的以權益結算的股份支付確認的費用總額為歐元636,000.00，折合人民幣4,417,656.00元(2014年，歐元679,000.00，折合人民幣5,532,559.90元)。

KION經理股權激勵計劃

在2015年3月，KION GROUP AG對經理追溯實施了自2015年1月1日起為期三年的股權激勵計劃(KION 2015年高管長期激勵計劃)。

KION GROUP AG的長期報酬的計量是基於公司全體股東的回報率，與作為計量市場業績的STOXX®歐洲TMI Industrial Engineering指數作比較，以及公司的已動用資本回報率(ROCE)作為內部計量基礎。該計量還取決於KION GROUP AG股價在相關期間內的表現。

XI. SHARE-BASED PAYMENT (CONTINUED)

Share Incentive Scheme Applicable to KION Managers (Continued)

The cash-settled share-based payment granted in 2014 is subject to appraisal for business performance during a period ending 31 December 2016, and the cash-settled share-based payment granted in 2015 is subject to appraisal for business performance during a period ending 31 December 2017. On 1 January 2015, i.e. the beginning of the period subject to appraisal, 200,000 virtual shares with specified fair value were granted to managers and apportioned based on the annual salary of each manager. At the end of the performance period, the number of the virtual shares so granted is amended depending on the degree to which the relevant targets are achieved. The resulting final number of virtual shares multiplied by the smoothed price of KION GROUP AG shares at the end of the performance period determines the amount of cash actually paid. In circumstances with outstanding results of performance or development, KION GROUP AG can adjust the final payment at the end of the performance period. The maximum amount payable is limited to 200 per cent of the value of the shares allotted to an individual at the grant date. Fair value of the cash-settled share-based payment as at each assessment date is assessed using Monte-Carlo simulation, with the following key parameters for measurement:

十一、股份支付(續)

KION經理股權激勵計劃(續)

2014年度授予的以現金結算的股份支付的業績考核期是在2016年12月31日結束，2015年度授予的以現金結算的股份支付的業績考核期是在2017年12月31日結束。在2015年1月1日績效期間考核初期，經理共被授予20萬份具有特定公允價值的虛擬股份，並按照每位經理的總年薪的比例分配。在業績考核期末，授予虛擬股份的數量會按照相關目標的完成程度進行修訂。修訂後的虛擬股份數量乘以KION GROUP AG在業績考核期末的平滑股價來決定最終實際需要支付的金額，KION GROUP AG有權在業績表現或發展突出的情況下在考核期末做調整。最終的支付金額以虛擬股份於授予日當天公允價值的200%為上限。授予的以現金結算的股份支付於每個評估日採用蒙特·卡羅模型評估公允價值，具體計量參數如下：

		Assessment date on 31 December 2015	
		評估日2015年12月31日	
Parameters for measurement (EUR)	計量參數(歐元)	2015 tranche 2015年份額	2014 tranche 2014年份額
Fluctuation of share price of KION GROUP AG	KION GROUP AG股價波動	30.0%	30.0%
STOXX®Europe TMI Industrial Engineering index	STOXX®歐洲TMI Industrial Engineering指數價格波動	20.0%	20.0%
Risk-free interest rate	無風險利率	(0.36%)	(0.36%)
Dividend yield	股息生息率	0.88	0.88
Share price of KION GROUP AG on assessment date	評估日KION GROUP AG股價	43.24	43.24
Price of STOXX®Europe TMI Industrial Engineering index on assessment date	評估日STOXX®歐洲TMI Industrial Engineering指數價格	208.65	208.65
60-day-average initial price of shares of KION GROUP AG	60日平均KION GROUP AG股票初始價格	29.06	29.06
60-day-average initial price of STOXX®Europe TMI Industrial Engineering index	60日平均STOXX®歐洲TMI Industrial Engineering指數初始價格	200.94	200.94

XI. SHARE - BASED PAYMENT (CONTINUED)**Share Incentive Scheme Applicable to KION Managers (Continued)**

As at 31 December 2015, the fair value of the virtual shares granted in 2014 was EUR45.41 per share, amounting in aggregate to EUR8.6 million, equivalent to RMB61,018,720.00; the fair value of the virtual shares granted in 2015 was EUR39.80 per share, amounting in aggregate to EUR8.2 million, equivalent to RMB58,180,640.00.

As at 31 December 2015, accumulated liabilities incurred from the cash-settled share-based payments amounted to EUR8,400,000.00, equivalent to RMB59,599,680.00 (31 December 2014: EUR1,623,000.00, equivalent to RMB12,100,438.80). In particular, EUR5,700,000.00 belonged to the 2014 tranche, which was equivalent to RMB40,442,640.00 (31 December 2014: EUR1,623,000.00, equivalent to RMB12,100,438.80), and EUR2,700,000.00 belonged to the 2015 tranche, which was equivalent to RMB19,157,040.00. In 2015, on a pro-rata basis, total costs recognized in respect of cash-settled share-based payments amounted to EUR4,100,000.00, equivalent to RMB28,478,600.00 (31 December 2014: EUR1,623,000.00, equivalent to RMB13,224,366.30). In particular, EUR2,700,000.00 belonged to the 2015 tranche, which was equivalent to RMB18,754,200.00.

Share Incentive Scheme Applicable to KION Executive Board

As part of the Share Incentive Scheme of KION GROUP AG, members of the Executive Board were granted virtual shares over a fixed period of time (2.5 years for the 2013 tranche and 3 years for the tranches in subsequent years). The remuneration component measured over the long term of members of the Executive Board is on the same basis of the share incentive scheme applicable to managers.

The cash-settled share-based payment granted in 2014 is subject to appraisal for business performance during a period ending 31 December 2016, and the cash-settled share-based payment granted in 2015 is subject to appraisal for business performance during a period ending 31 December 2017. On 1 January 2015, i.e. the beginning of the period subject to appraisal, 200,000 virtual shares with specified fair value were granted to members of the Executive Committee and apportioned in ways stipulated in the service contract of each member of the Executive Committee.

十一、股份支付(續)**KION經理股權激勵計劃(續)**

截至2015年12月31日，2014年度授予的虛擬股份公允價值為每股45.41歐元，總價值共計歐元860萬，折合人民幣61,018,720.00元，2015年度授予的虛擬股份公允價值為每股39.80歐元，總價值共計歐元820萬，折合人民幣58,180,640.00元。

截至2015年12月31日，以現金結算的股份支付產生的累計負債金額為歐元8,400,000.00，折合人民幣59,599,680.00元(2014年12月31日：歐元1,623,000.00，折合人民幣12,100,438.80元)，其中，歐元5,700,000.00屬於2014年的授予份額，折合人民幣40,442,640.00元(2014年12月31日：歐元1,623,000.00，折合人民幣12,100,438.80元)，歐元2,700,000.00屬於2015年的授予份額，折合人民幣19,157,040.00元。2015年，按比例以現金結算的股份支付確認的費用總額為歐元4,100,000.00，折合人民幣28,478,600.00元(2014年12月31日：歐元1,623,000.00，折合人民幣13,224,366.30元)，其中，歐元2,700,000.00屬於2015年的授予份額，折合人民幣18,754,200.00元。

KION執行委員會股權激勵計劃

作為KION GROUP AG股權激勵計劃的一部分，執行委員會成員在一個固定的期間(2013年份額為2.5年，後續份額為3年)被授予虛擬股份。執行委員會成員的長期報酬的計量與上述經理股權激勵計劃方法一致。

2014年度授予的以現金結算的股份支付的業績考核期是在2016年12月31日結束，2015年度授予的以現金結算的股份支付的業績考核期是在2017年12月31日結束。在2015年1月1日績效期間考核初期，執行委員會成員共被授予20萬份具有特定公允價值的虛擬股份，該虛擬股份按照每位執行委員會成員的服務合同中規定的方式分配。

XI. SHARE-BASED PAYMENT (CONTINUED)**Share Incentive Scheme Applicable to KION Executive Board (Continued)**

At the end of the performance period, the number of the virtual shares so granted is amended depending on the degree to which the relevant targets are achieved. The resulting final number of virtual shares multiplied by the smoothed price of KION GROUP AG shares at the end of the performance period determines the amount of cash actually paid. The Supervisory Board can also use a personal performance factor with respect to the members of the Executive Committee to adjust the final payment at the end of the performance period by +/- 20 per cent. The maximum amount payable is limited to 200 per cent of the value of the shares allotted to an individual at the grant date. Fair value of the cash-settled share-based payment as at each assessment date is assessed using Monte-Carlo simulation, with the same parameters for measurement as the share incentive scheme applicable to managers.

The virtual shares with value of EUR103 million granted in 2013 will be paid in the aforesaid manner. As at 31 December 2015, the fair value of the virtual shares granted in 2014 was EUR43.58 per share, amounting in aggregate to EUR6.6 million, equivalent to RMB46,828,320.00; the fair value of the virtual shares granted in 2015 was EUR39.25 per share, amounting in aggregate to EUR6 million, equivalent to RMB42,571,200.00.

Accumulated liabilities incurred from the cash-settled share-based payments amounted to EUR17,800,000.00, equivalent to RMB126,294,560.00 (31 December 2014: EUR6,083,000.00, equivalent to RMB45,352,414.80). In particular, EUR10,300,000.00 belonged to the 2013 tranche, which was equivalent to RMB73,080,560.00 (31 December 2014: EUR4,356,000.00, equivalent to RMB32,476,593.60); EUR5,300,000.00 belonged to the 2014 tranche, which was equivalent to RMB37,604,560.00 (31 December 2014: EUR1,727,000.00, equivalent to RMB12,875,821.20); and EUR2,200,000.00 belonged to the 2015 tranche, which was equivalent to RMB15,609,440.00.

In 2015, for the tranche granted in 2013, on a pro-rata basis, total costs recognized in respect of cash-settled share-based payments amounted to EUR5,700,000.00, equivalent to RMB39,592,200.00 (2014: EUR2,300,000.00, equivalent to RMB18,740,630.00). For the tranche granted in 2014, on a pro-rata basis, total costs recognized in respect of cash-settled share-based payments amounted to EUR3,400,000.00, equivalent to RMB23,616,400.00 (2014: EUR1,700,000.00, equivalent to RMB13,851,770.00). For the tranche granted in 2015, on a pro-rata basis, total costs recognized in respect of cash-settled share-based payments amounted to EUR2,000,000.00, equivalent to RMB13,892,000.00.

十一、股份支付(續)**KION執行委員會股權激勵計劃(續)**

在業績考核期末，授予個人虛擬股份的數量會按照相關目標的完成程度進行修訂。修訂後的股份數量乘以KION GROUP AG在業績考核期末的平滑股價來決定最終實際需要支付的金額。KION GROUP AG監事會有權按照執行委員會委員的個人績效於業績考核期末在20%的幅度內做調整，對每個人最終的支付金額以授予日當天公允價值的200%為上限。授予的以現金結算的股份支付於每個評估日採用蒙特·卡羅模型評估公允價值，具體計量參數與經理股權激勵計劃相同。

2013年度授予的價值歐元10,300萬的虛擬股份，將按照上述方法進行支付。截至2015年12月31日，2014年度授予的虛擬股份公允價值為每股43.58歐元，總價值共計歐元660萬，折合人民幣46,828,320.00元，2015年度授予的虛擬股份公允價值為每股39.25歐元，總價值共計歐元600萬，折合人民幣42,571,200.00元。

負債中因以現金結算的股份支付產生的累計負債金額為歐元17,800,000.00，折合人民幣126,294,560.00元(2014年12月31日：歐元6,083,000.00，折合人民幣45,352,414.80元)。其中，歐元10,300,000.00屬於2013年的授予份額，折合人民幣73,080,560.00元(2014年12月31日：歐元4,356,000.00，折合人民幣32,476,593.60元)，歐元5,300,000.00屬於2014年的授予份額，折合人民幣37,604,560.00元(2014年12月31日：歐元1,727,000.00，折合人民幣12,875,821.20元)，歐元2,200,000.00屬於2015年的授予份額，折合人民幣15,609,440.00元。

2015年，對於2013年授予的份額按比例以現金結算的股份支付確認的費用總額為歐元5,700,000.00，折合人民幣39,592,200.00元(2014年：歐元2,300,000.00，折合人民幣18,740,630.00元)，對於2014年授予的份額按比例以現金結算的股份支付確認的費用總額為歐元3,400,000.00，折合人民幣23,616,400.00元(2014年：歐元1,700,000.00，折合人民幣13,851,770.00元)，對於2015年授予的份額按比例以現金結算的股份支付確認的費用總額為歐元2,000,000.00，折合人民幣13,892,000.00元。

XII.COMMITMENTS AND CONTINGENCIES

1. Significant contingencies

		2015 2015年	2014 2014年
Contracted, but not provided for	已簽約但未撥備		
Capital commitments	資本承諾	1,733,809,898.35	2,119,627,932.26
Investment commitments	投資承諾	1,300,000.00	-
		1,735,109,898.35	2,119,627,932.26

2. Exposure to Confirmation Risks

Shaanxi Heavy-duty Motor Co., Ltd., a subsidiary of the Company, entered into a tri-party cooperation agreement with distributors and endorsing bank. Distributors will deposit guarantee money of not lower than 30% to the bank and apply for establishment of bank acceptance bill according to the amount of credit facility provided by the bank. Shaanxi Heavy-duty Motor Co., Ltd. assumes security obligation in favour of the distributors for the difference between amount of notes and guarantee money. As at 31 December 2015, open position of outstanding acceptance bill was RMB1,013,770,700.00 (31 December 2014: RMB812,232,432.15).

3. Business related to finance lease company

Shaanxi Heavy-duty Motor Co., Ltd., a subsidiary of the Company, entered into a cooperation agreement with Shanzhong Finance Leasing Co., Ltd.. It is agreed by and between the two parties that Shanzhong Finance Leasing Co., Ltd. shall provide finance lease service to Shaanxi Heavy-duty Motor Co., Ltd. or its distributors. Shaanxi Heavy-duty Motor Co., Ltd. shall provide joint liability guarantee in respect of the leasee's failure to pay the instalment payments and interests under the finance lease. As at 31 December 2015, risk exposure of joint liabilities was RMB728,010,000.00 (31 December 2014: RMB1,142,020,000.00).

十二、承諾及或有事項

1. 重要承諾事項

2. 保兌倉敞口風險

本公司之子公司陝西重型汽車有限公司與經銷商、承兌銀行三方簽訂三方合作協議，經銷商向銀行存入不低於30%的保證金，根據銀行給予的一定信用額度，申請開立銀行承兌匯票用於購買陝西重型汽車有限公司產品，陝西重型汽車有限公司為經銷商提供票據金額與保證金之間差額的退款保證責任。截至2015年12月31日，尚未到期的承兌匯票敞口額為人民幣1,013,770,700.00元(2014年12月31日：人民幣812,232,432.15元)。

3. 與融資租賃公司有關的業務

本公司之子公司陝西重型汽車有限公司與山重融資租賃有限公司簽訂合作協議，雙方約定山重融資租賃有限公司為陝西重型汽車有限公司或其經銷商提供融資租賃服務，陝西重型汽車有限公司為融資租賃的承租方未能支付的融資租賃分期付款及利息提供見物回購責任。截至2015年12月31日，見物回購租金餘額(即尚未到期的融資租賃貸款本金餘額)為人民幣728,010,000.00元(2014年12月31日：人民幣1,142,020,000.00元)。

XII. COMMITMENTS AND CONTINGENCIES
(CONTINUED)

4. Guarantee

		2015 2015年	2014 2014年
Loan guarantee	借款擔保	166,971,341.60	156,903,102.00
Other guarantee	其他擔保	48,148,027.20	41,811,004.80
		215,119,368.80	198,714,106.80

XIII. SUBSEQUENT EVENTS

On 30 March 2016, the 2015 profit distribution plan of the Company was considered and approved at the 3rd meeting of the fourth session of the Board: the Company proposed the distribution to all shareholders of a cash dividend of RMB1.00 (including tax) for every 10 shares held based on the total share capital. Completion of the proposal is subject to the consideration and approval by the 2015 Annual General Meeting.

XIV. OTHER SIGNIFICANT EVENTS

1. Leases

As the lessor

Finance leases: As at 31 December 2015, the balance of unrealized finance income is RMB511,159,493.60 (31 December 2014: RMB477,158,400.00) and is apportioned to the leasing period using effective interest rate method. Pursuant to the leasing contract signed with the lessee, the minimum lease receivables under non-cancellable leases are as follows:

		2015 2015年	2014 2014年
Within 1 year (including 1 year)	1年以內(含1年)	1,495,781,683.20	1,704,886,963.20
1-2 years (including 2 years)	1年至2年(含2年)	1,351,096,364.80	1,145,438,429.09
2-3 years (including 3 years)	2年至3年(含3年)	1,048,003,611.20	809,812,652.83
Over 3 years	3年以上	1,254,587,454.40	900,989,278.08
		5,149,469,113.60	4,561,127,323.20

For fixed assets leased out under operating lease, refer to Note V.16.

經營租出固定資產，參見附註五、16。

十二、承諾及或有事項(續)

4. 擔保事項

十三、資產負債表日後事項

2016年3月30日，本公司四屆三次董事會審議通過了本公司2015年度的利潤分配預案：擬以2015年12月31日的公司總股本為基數，向全體股東每十股派發現金紅利人民幣1.00元(含稅)。此方案需經2015年度股東周年大會審議通過後實施。

十四、其他重要事項

1. 租賃

作為出租人

融資租賃：於2015年12月31日，未實現融資收益的餘額為人民幣511,159,493.60元(2014年12月31日：人民幣477,158,400.00元)，採用實際利率法在租賃期內各個期間進行分攤。根據與承租人簽訂的租賃合同，不可撤銷租賃的最低租賃收款額如下：

XIV. OTHER SIGNIFICANT EVENTS
(CONTINUED)

1. Leases

As the lessee

Finance leases: As at 31 December 2015, the balance of unrecognised finance costs is RMB714,146,070.40 (31 December 2014: RMB688,897,440.00) and is apportioned to the leasing period using effective interest rate method. Pursuant to the leasing contract signed with the lessor, the minimum lease payables under non-cancellable leases are as follows:

		2015 2015年	2014 2014年
Within 1 year (including 1 year)	1年以內(含1年)	2,893,365,798.40	3,182,646,528.00
1-2 years (including 2 years)	1年至2年(含2年)	2,794,792,184.80	1,800,080,753.87
2-3 years (including 3 years)	2年至3年(含3年)	1,993,673,152.80	2,065,666,438.86
Over 3 years	3年以上	2,218,172,376.00	1,698,367,087.27
		9,900,003,512.00	8,746,760,808.00

For fixed assets leased in under finance lease, refer to Note V.16.

Material operating lease: Pursuant to the leasing contract signed with the lessor, the minimum lease payables under non-cancellable leases are as follows:

		Minimum lease payments 最低租賃付款額	
		2015 2015年	2014 2014年
Within 1 year (including 1 year)	1年以內(含1年)	510,924,089.68	487,648,939.83
1-2 years (including 2 years)	1年至2年(含2年)	422,901,780.62	378,290,543.97
2-3 years (including 3 years)	2年至3年(含3年)	300,222,061.54	281,872,827.90
Over 3 years	3年以上	818,467,729.70	883,023,170.02
		2,052,515,661.54	2,030,835,481.72

十四、其他重要事項(續)

1. 租賃(續)

作為承租人

融資租賃：於2015年12月31日，未確認融資費用的餘額為人民幣714,146,070.40元(2014年12月31日：人民幣688,897,440.00元)，採用實際利率法在租賃期內各個期間進行分攤。根據與出租人簽訂的租賃合同，不可撤銷租賃的最低租賃付款額如下：

融資租入固定資產，參見附註五、16。

重大經營租賃：根據與出租人簽訂的租賃合同，不可撤銷租賃的最低租賃付款額如下：

XIV. OTHER SIGNIFICANT EVENTS (CONTINUED)

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 services (“Forklift trucks and warehouses technology services”).

十四、其他重要事項(續)

2. 分部報告 *經營分部*

本集團的經營業務根據業務的性質以及所提供的產品和服務分開組織和管理。本集團的每個經營分部是一個業務集團，提供面臨不同於其他經營分部的風險並取得不同於其他經營分部的報酬的產品和服務。

以下是對經營分部詳細信息的概括：

- (a) 生產及銷售柴油機及相關零部件(「柴油機」)；
- (b) 生產及銷售汽車及主要汽車零部件(不包括柴油機)(「汽車及其他主要汽車零部件」)；
- (c) 生產及銷售其他汽車零部件(「其他零部件」)；
- (d) 提供進出口服務(「進出口服務」)；
- (e) 叉車生產及倉庫技術(「叉車及倉庫技術服務」)。

XIV. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Segment reporting (Continued)

Operating segments (Continued)

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 and warehouses technology services, 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 and warehouses technology services, 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.

十四、其他重要事項(續)

2. 分部報告(續)

經營分部(續)

管理層出於配置資源和評價業績的決策目的，對各業務單元的經營成果分開進行管理。分部業績，以報告的分部利潤為基礎進行評價。該指標系對利潤總額進行調整後的指標，除不包括利息收入、財務費用、投資收益、股利收入、金融工具公允價值變動收益以及總部費用之外，該指標與本集團利潤總額是一致的。

除叉車生產及倉庫技術分部以外，分部資產不包括以公允價值計量且其變動計入當期損益的權益性投資、衍生工具、應收股利、應收利息、可供出售金融資產、長期股權投資、商譽、遞延所得稅資產和其他未分配的總部資產，原因在於這些資產均由本集團統一管理。

除叉車生產及倉庫技術分部以外，分部負債不包括衍生工具、借款、應交所得稅、遞延所得稅負債以及其他未分配的總部負債，原因在於這些負債均由本集團統一管理。

分部間的轉移定價，參照向第三方進行交易所採用的價格制定。

XIV. OTHER SIGNIFICANT EVENTS
(CONTINUED)

2. Segment reporting (Continued)
Operating segments (Continued)

十四、其他重要事項(續)

2. 分部報告(續)
經營分部(續)

		Diesel engines 柴油機	Automobiles and other major automobile components 汽車及其他主要 汽車零部件	Other components 其他零部件	Import & export services 進出口服務	Forklift trucks and warehouses technology services 叉車及 倉庫技術服務	Total 合計
2015	2015年						
Segment revenue:	分部收入:						
Sale to external customers	外部客戶銷售	13,408,917,359.45	22,887,613,239.38	1,807,881,511.76	127,424,155.42	35,488,079,494.00	73,719,915,760.01
Inter-segment sale	分部間銷售	3,533,770,893.28	-	1,077,699,078.69	31,013,683.48	-	4,642,483,655.45
Total	合計	16,942,688,252.73	22,887,613,239.38	2,885,580,590.45	158,437,838.90	35,488,079,494.00	78,362,399,415.46
Adjustment:	調整:						
Elimination of inter-segment sale	抵銷分部間銷售						(4,642,483,655.45)
Revenue	收入						73,719,915,760.01
Segment results	分部業績	1,481,776,361.33	(504,145,202.40)	(25,040,400.31)	(60,423,337.86)	1,948,589,164.00	2,840,756,584.76
Adjustment:	調整:						
Elimination of inter-segment results	抵銷分部間業績						108,247,023.85
Interest income	利息收入						912,415,114.05
Dividend income and unallocated income	股息收入及未分配收益						808,577,715.51
Corporate and other unallocated expenses	企業及其他未分配開支						(188,324,265.84)
Finance expenses	財務成本						(1,398,252,300.86)
Profit before tax	稅前利潤						3,083,419,871.47
31 December 2015	2015年12月31日						
Segment assets	分部資產	20,144,034,231.81	21,676,364,487.36	11,614,982,630.41	6,591,253,116.32	36,464,314,470.54	96,490,948,936.44
Adjustment:	調整:						
Elimination of inter-segment receivables	抵銷分部間應收款項						(10,021,867,106.57)
Corporate and other unallocated assets	企業及其他未分配資產						28,404,305,977.08
Total assets	總資產						114,873,387,806.95
Segment liabilities	分部負債	9,503,905,610.43	15,581,716,794.59	7,657,624,815.18	674,649,449.64	22,685,780,958.40	56,103,677,628.24
Adjustment:	調整:						
Elimination of inter-segment payables	抵銷分部間應付款項						(8,864,846,861.18)
Corporate and other unallocated liabilities	企業及其他未分配負債						25,908,073,453.32
Total liabilities	總負債						73,146,904,220.38
2015	2015年						
Other segment information:	其他分部資料:						
Share of profit and loss from:	應佔下列公司利潤及虧損:						
Gain(loss) from associates	聯營企業收益/(損失)	(16,196,195.63)	(31,255,022.41)	-	220,916.88	79,411,190.81	32,180,889.65
Reversal(loss) of impairment of inventories	存貨減值轉回/(損失)	(14,774,025.89)	(104,622,784.83)	(655,959.45)	(975,889.61)	(54,484,424.00)	(175,513,083.78)
Reversal(loss) of impairment of accounts receivable and other receivables	應收賬款及其他應收賬款的 減值轉回/(損失)	2,118,394.74	(115,553,763.24)	(1,470,852.97)	(184,320.82)	(57,519,826.00)	(172,610,368.29)
Depreciation and amortization	折舊及攤銷	(833,549,441.67)	(956,977,770.10)	(184,200,238.47)	(25,782,852.69)	(3,361,092,994.00)	(5,361,603,296.93)
Gain(loss) from disposal of fixed assets	固定資產處置利得/(損失)	12,751,114.75	4,955,150.73	(138,404.29)	167.78	(2,771,454.00)	14,796,574.97
Gain(loss) from disposal of intangible assets	無形資產處置利得/(損失)	-	1,252,463.67	-	-	-	1,252,463.67
Investment in associates and jointly controlled enterprises	於聯營及合營公司的投資	516,578,752.01	500,760,648.66	-	34,876,194.36	394,934,571.15	1,447,150,166.18
Capital expenditure	資本開支	(1,008,141,279.17)	(979,399,961.35)	(346,202,610.29)	(8,895,732.77)	(4,708,860,104.00)	(7,051,499,687.58)

XIV. OTHER SIGNIFICANT EVENTS
(CONTINUED)2. Segment reporting (Continued)
Operating segments (Continued)

十四、其他重要事項(續)

2. 分部報告(續)
經營分部(續)

		Diesel engines 柴油機	Automobiles and other major automobile components 汽車及其他主要 汽車零部件	Other components 其他零部件	Import & export services 進出口服務	Forklift trucks and warehouses technology services 叉車及 倉庫技術服務	Total 合計
2014	2014年						
Segment revenue:	分部收入：						
Sale to external customers	外部客戶銷售	22,352,005,854.29	34,617,401,072.71	2,575,530,008.25	117,043,378.48	19,975,181,223.40	79,637,161,537.13
Inter-segment sale	分部間銷售	5,519,944,215.22	-	671,852,933.36	64,352,197.44	-	6,256,149,346.02
Total	合計	27,871,950,069.51	34,617,401,072.71	3,247,382,941.61	181,395,575.92	19,975,181,223.40	85,893,310,883.15
Adjustment:	調整：						
Elimination of inter-segment sale	抵銷分部間銷售						(6,256,149,346.02)
Revenue	收入						79,637,161,537.13
Segment results	分部業績	3,899,654,417.48	550,373,138.89	(457,815,504.97)	(78,357,900.15)	927,226,930.42	4,841,081,081.67
Adjustment:	調整：						
Elimination of inter-segment results	抵銷分部間業績						(40,037,734.21)
Interest income	利息收入						689,235,642.69
Dividend income and unallocated income	股息收入及未分配收益						2,224,762,579.45
Corporate and other unallocated expenses	企業及其他未分配開支						(134,273,707.02)
Finance expenses	財務成本						(712,320,370.35)
Profit before tax	稅前利潤						6,868,447,492.23
31 December 2014	2014年12月31日						
Segment assets	分部資產	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:	調整：						
Elimination of inter-segment assets	抵銷分部間資產						(9,149,530,927.93)
Corporate and other unallocated assets	企業及其他未分配資產						27,582,475,386.83
Total assets	總資產						122,255,575,181.84
Segment liabilities	分部負債	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:	調整：						
Elimination of inter-segment liabilities	抵銷分部間負債						(9,752,792,127.56)
Corporate and other unallocated liabilities	企業及其他未分配負債						26,337,947,871.49
Total liabilities	總負債						80,313,686,848.51
2014	2014年						
Other segment information:	其他分部資料：						
Share of profit and loss from:	應佔下列公司利潤及虧損：						
Gain/(loss) from associates	聯營企業收益/(損失)	16,070,619.10	(23,575,307.77)	104,169,269.65	95,807.40	6,993,514.23	103,753,902.61
Reversal/(loss) of impairment of inventories	存貨減值轉回/(損失)	(8,250,487.20)	(120,536,316.63)	(2,180,897.06)	-	(5,394,042.20)	(136,361,743.09)
Reversal/(loss) of impairment of accounts receivable and other receivables	應收賬款及其他應收賬款的減值轉回/(損失)	(43,931,435.50)	(33,285,778.73)	(1,875,484.57)	(65,576.21)	(12,711,036.00)	(91,869,311.01)
Depreciation and amortization	折舊及攤銷	(855,720,317.51)	(917,800,116.00)	(241,037,473.29)	(24,386,074.73)	(1,882,977,021.40)	(3,921,921,002.93)
Gain/(loss) from disposal of fixed assets	固定資產處置利得/(損失)	(6,187,452.49)	(3,960,408.66)	(2,655,391.20)	(12,770.22)	(11,252,526.10)	(24,068,548.67)
Gain/(loss) from disposal of intangible assets	無形資產處置利得/(損失)	-	9,364,521.04	-	-	-	9,364,521.04
Investment in associates and jointly controlled enterprises	於聯營及合營公司的投資	566,232,838.21	496,964,667.41	-	38,052,091.16	376,476,061.52	1,477,725,658.30
Capital expenditure	資本開支	(676,350,418.93)	(1,261,493,815.89)	(83,162,227.41)	(225,259,239.34)	(898,930,592.22)	(3,145,196,293.79)

XIV. OTHER SIGNIFICANT EVENTS
(CONTINUED)2. Segment reporting (Continued)
Group information
Information about products and services
Revenue from external transactions

		2015 2015年	2014 2014年
Complete vehicles and key components	整車及關鍵零部件	26,303,249,484.95	41,577,364,709.03
Non-automobile engines	非汽車用發動機	4,067,451,221.01	6,844,525,380.52
Other non-major automobile components	其他非主要汽車零部件	4,409,349,371.17	7,599,241,489.76
Forklift trucks and warehouses technology services	叉車生產及倉庫技術服務	35,488,079,494.00	19,975,181,223.40
Others	其他	3,451,786,188.88	3,640,848,734.42
		73,719,915,760.01	79,637,161,537.13

Geographic information
Revenue from external transactions地理信息
對外交易收入

		2015 2015年	2014 2014年
China	中國大陸	33,524,552,981.01	59,330,023,220.86
Other countries and regions	其他國家和地區	40,195,362,779.00	20,307,138,316.27
		73,719,915,760.01	79,637,161,537.13

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

對外交易收入歸屬於客戶所處區域。

Total non-current assets

非流動資產總額

		2015 2015年	2014 2014年
China	中國大陸	18,602,442,914.02	19,313,448,073.29
Other countries and regions	其他國家和地區	31,347,383,005.54	32,106,444,721.18
		49,949,825,919.56	51,419,892,794.47

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

非流動資產歸屬於該資產所處區域，不包括金融資產和遞延所得稅資產。

XIV. OTHER SIGNIFICANT EVENTS (CONTINUED)

2. Segment reporting (Continued)

Group information (Continued)

Information about major customers

Revenue of RMB1,856,614,955.55 (2014: RMB7,577,060,161.55) 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. Adjustment for the apportionment of consideration of business combination

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 Standard for Business Enterprises No. 20 – Business Combination" (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 the financial statements of the year pursuant to the requirements under the accounting standard, and re-statements have been made for the relevant statements.

十四、其他重要事項(續)

2. 分部報告(續)

集團信息(續)

主要客戶信息

營業收入人民幣1,856,614,955.55元(2014年：人民幣7,577,060,161.55元)來自於柴油機分部和汽車及其他主要汽車零部件分部對某一單個客戶(包括已知受該客戶控制下的所有主體)的收入。

3. 企業合併對價分攤調整

本集團於2014年6月12日實現了對KION GROUP AG的控制，由於當時評估工作尚未完成，合併中取得的各項可辨認資產、負債及或有負債的公允價值只能暫時確定，根據《企業會計準則第20號—企業合併》第十六條，本集團以所確定的暫時價值為基礎對企業合併進行確認和計量，並擬在購買日後的12個月內對確認的暫時價值進行調整，視為在購買日的確認和計量。本年財務報表已經根據準則規定對相關項目的暫定價值進行了調整，並對相關報表進行了重述。

XIV. OTHER SIGNIFICANT EVENTS
(CONTINUED)

3. Adjustment for the apportionment of consideration of business combination (Continued)

Upon re-statements, the carrying amount and fair value of the identifiable assets and liabilities of KION GROUP AG on the date of consolidation is as follows:

十四、其他重要事項(續)

3. 企業合併對價分攤調整(續)

重述之後，KION GROUP AG可辨認資產和負債於合併日的賬面價值和公允價值如下：

		30 June 2014 2014年6月30日	30 June 2014 2014年6月30日
		Fair value 公允價值	Carrying amount 賬面價值
Cash and cash equivalents	貨幣資金	1,132,171,307.40	1,132,171,307.40
Financial assets at fair value through profit or loss	以公允價值計量且其變動計入當期損益的金融資產	135,430,081.80	135,430,081.80
Interests receivable	應收利息	587,622.00	587,622.00
Accounts receivable	應收賬款	5,030,514,417.60	5,030,514,417.60
Other receivables	其他應收款	502,064,236.80	502,064,236.80
Prepayments	預付款項	44,080,044.60	44,080,044.60
Inventories	存貨	4,840,586,592.60	4,840,586,592.60
Non-current assets due within one year	一年內到期的非流動資產	1,529,815,114.80	1,529,815,114.80
Other current assets	其他流動資產	781,184,686.80	781,184,686.80
Available-for-sale financial assets	可供出售金融資產	102,162,282.00	102,162,282.00
Held-to-maturity investments	持有至到期投資	16,789.20	16,789.20
Long-term receivables	長期應收款	2,588,903,034.60	2,588,903,034.60
Long-term equity investments	長期股權投資	1,202,358,558.00	1,202,358,558.00
Goodwill	商譽	-	12,544,671,980.39
Fixed assets	固定資產	11,868,889,891.20	10,082,023,729.80
Construction in progress	在建工程	173,356,884.60	173,356,884.60
Intangible assets	無形資產	13,399,888,644.60	7,784,891,807.40
Deferred tax assets	遞延所得稅資產	2,613,448,845.00	2,613,448,845.00
Other non-current assets	其他非流動資產	184,152,340.20	184,152,340.20

XIV. OTHER SIGNIFICANT EVENTS
(CONTINUED)

3. Adjustment for the apportionment of consideration of business combination (Continued)

Upon re-statements, the carrying amount and fair value of the identifiable assets and liabilities of KION GROUP AG on the date of consolidation is as follows: (Continued)

十四、其他重要事項(續)

3. 企業合併對價分攤調整(續)

重述之後，KION GROUP AG可辨認資產和負債於合併日的賬面價值和公允價值如下：(續)

		30 June 2014 2014年6月30日	30 June 2014 2014年6月30日
		Fair value 公允價值	Carrying amount 賬面價值
Short-term loans	短期借款	(1,916,974,066.80)	(1,916,974,066.80)
Financial liabilities held for trading	交易性金融負債	(75,442,270.20)	(75,442,270.20)
Notes payable	應付票據	(2,837,374.80)	(2,837,374.80)
Accounts payable	應付賬款	(4,708,111,410.00)	(4,708,111,410.00)
Advances from customers	預收款項	(297,890,775.60)	(297,890,775.60)
Interests payable	應付利息	(106,762,522.80)	(106,762,522.80)
Payroll payable	應付職工薪酬	(1,929,817,804.80)	(1,929,817,804.80)
Taxes payable	應交稅費	(825,592,120.80)	(825,592,120.80)
Other payables	其他應付款	(40,369,631.40)	(40,369,631.40)
Non-current liabilities due within one year	一年內到期的非流動負債	(3,055,139,118.60)	(3,055,139,118.60)
Other current liabilities	其他流動負債	(1,432,630,830.60)	(1,432,630,830.60)
Long-term borrowings	長期借款	(4,414,955,188.80)	(4,414,955,188.80)
Bonds payable	應付債券	(4,130,319,486.60)	(3,718,144,626.60)
Long-term payables	長期應付款	(5,465,875,162.80)	(5,465,875,162.80)
Accruals and provisions	預計負債	(459,528,798.60)	(459,528,798.60)
Long-term payroll payable	長期應付職工薪酬	(5,589,787,853.41)	(5,589,787,853.41)
Other non-current liabilities	其他非流動負債	(1,412,668,471.80)	(1,412,668,471.80)
Deferred tax liabilities	遞延所得稅負債	(4,784,166,527.97)	(2,526,598,313.40)
Minority interests	少數股東權益	(3,655,654,885.59)	
Attributable net assets	享有淨資產	1,825,087,071.83	
Temporary goodwill arising from acquisition	購買產生的暫定商譽	7,234,678,778.09	
Consideration for business combination	合併對價	9,059,765,849.92	

XIV. OTHER SIGNIFICANT EVENTS
(CONTINUED)

4. Comparative figures

Comparative figures have been restated in respect of the apportionment of consideration of the business combination with KION. Major impacts on the retrospective adjustment for opening balances of the consolidated balance sheet for 2015 are as follows:

2015

		Before re-statement		After re-statement
		At beginning of period	Re-statement	At beginning of period
		重述前期初餘額	重述	重述後期初餘額
Fixed assets	固定資產	22,219,357,185.13	1,290,035,509.12	23,509,392,694.25
Intangible assets	無形資產	12,715,477,787.47	1,126,993,963.44	13,842,471,750.91
Goodwill	商譽	8,347,260,453.97	(573,205,976.79)	7,774,054,477.18
Deferred tax liabilities	遞延所得稅負債	3,628,608,697.29	756,347,843.04	4,384,956,540.33
Other comprehensive income	其他綜合收益	(342,209,472.70)	(46,276,429.99)	(388,485,902.69)
Retained earnings	未分配利潤	26,419,607,056.45	(22,075,141.42)	26,397,531,915.03
Minority interests	少數股東權益	8,386,683,156.04	1,155,827,224.14	9,542,510,380.18

Retrospective adjustments to the figures in the consolidated income statement for year 2014 of the Group as a result of adjustment for the apportionment of consideration of business combination are as follows:

2014

		Before re-statement		After re-statement
		Incurring during the year	Re-statement	Incurring during the year
		重述前本年發生額	重述	重述後本年發生額
Cost of sales	營業成本	62,547,775,525.88	71,134,984.61	62,618,910,510.49
Distribution and selling expenses	銷售費用	5,088,075,987.64	4,502,598.00	5,092,578,585.64
General and administrative expenses	管理費用	6,405,263,078.43	21,610,568.03	6,426,873,646.46
Income tax expenses	所得稅費用	1,181,199,964.08	(30,956,434.66)	1,150,243,529.42
Minority interests	少數股東損益	759,993,324.72	(44,216,574.56)	715,776,750.16
Net other comprehensive income attributable to shareholders of the parent after tax	歸屬於母公司股東的其他綜合收益的稅後淨額	(324,248,534.49)	(46,276,429.99)	(370,524,964.48)
Net other comprehensive income attributable to minority owners after tax	歸屬於少數股東的其他綜合收益的稅後淨額	(950,292,749.83)	(92,691,828.24)	(1,042,984,578.07)

十四、其他重要事項(續)

4. 比較數據

本年本公司已就上述企業合併對價分攤調整的事項，重述了比較數據。對本集團2015年合併資產負債表的期初餘額追溯調整主要影響如下：

2015年

企業合併對價分攤調整對本集團2014年度的合併利潤表數據的追溯調整影響如下：

2014年

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS

1. Cash and cash equivalents

		2015 2015年	2014 2014年
Cash at bank	庫存現金	231,540.67	108,814.77
Bank deposits	銀行存款	12,429,138,306.98	13,418,505,629.66
Other cash equivalents	其他貨幣資金	18,316,956.61	52,976,025.07
		12,447,686,804.26	13,471,590,469.50

As at 31 December 2015, the other cash and cash equivalents of the Company included an amount of RMB18,316,956.61 (31 December 2014: RMB52,976,025.07), which is used in letter of guarantee and security monies for special accounts such as bank acceptance bills and letter of credit.

十五、公司主要財務報表項目註釋

1. 貨幣資金

於2015年12月31日，本公司其他貨幣資金中包含人民幣18,316,956.61元(2014年12月31日：人民幣52,976,025.07元)用於保函以及辦理銀行承兌票據、信用證等專戶而儲存的保證金。

2. Notes receivable

		2015 2015年	2014 2014年
Bank acceptance bills	銀行承兌匯票	6,890,636,874.68	9,387,204,158.36

Among which, notes receivable that were pledged are as follows:

2. 應收票據

其中，已質押的應收票據如下：

		2015 2015年	2014 2014年
Bank acceptance bills	銀行承兌匯票	2,736,942,805.34	4,956,129,597.96

Notes receivable that were endorsed but no yet expired as at the balance sheet date are as follows:

已背書但在資產負債表日尚未到期的應收票據如下：

		2015 2015年	2014 2014年
Bank acceptance bills	銀行承兌匯票	357,069,766.60	389,920,570.19

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

於2015年12月31日和2014年12月31日，本公司無因出票人無力履約而將票據轉為應收賬款的票據。

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

3. Accounts receivable

The Group's trading terms with its customers are mainly on credit except for new customers, where payment in advance or cash on delivery is normally required. The credit period of accounts receivable is generally one to six month, extending up to six months for major customers. Accounts receivable is non-interest bearing.

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

		2015 2015年	2014 2014年
Within 3 months	3個月以內	434,009,883.95	939,728,382.83
3 months – 6 months	3個月至6個月	166,801,209.83	61,230,716.94
6 months – 1 year	6個月至1年	55,828,148.82	71,518,697.05
1 year – 2 years	1年至2年	15,510,762.24	2,552,744.81
2 years – 3 years	2年至3年	164,500.00	–
Over 3 years	3年以上	3,518,650.03	3,518,650.03
		675,833,154.87	1,078,549,191.66
Less: Provision for bad debt for accounts receivable	減：應收賬款壞賬準備	35,230,830.42	52,183,546.35
		640,602,324.45	1,026,365,645.31

Changes in provision for bad debt for accounts receivable are presented as follows:

		2015 2015年	2014 2014年
Opening balance	年初餘額	52,183,546.35	8,408,952.31
Provision for the year	本年計提	–	43,774,594.04
Reversed during the year	本年轉回	(16,952,715.93)	–
Written off during the year	本年轉銷	–	–
Eliminated during the year	本年核銷	–	–
Closing balance	年末數	35,230,830.42	52,183,546.35

十五、公司主要財務報表項目註釋(續)

3. 應收賬款

本公司與客戶間的貿易條款以信用交易為主，且一般要求新客戶預付款或採取貨到付款方式進行，信用期通常為1-6個月，主要客戶可以延長至6個月。應收賬款並不計息。

根據開票日期，應收賬款賬齡分析如下：

應收賬款壞賬準備的變動如下：

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

3. Accounts receivable (Continued)

十五、公司主要財務報表項目註釋(續)

3. 應收賬款(續)

		2015 2015年			
		Amount 金額	Proportion 比例 (%)	Provision for bad debt 壞賬準備	Proportion of provision 計提比例 (%)
Individually significant items for which provision for bad debt is recognized separately	單項金額重大並單項計提壞賬準備	-	-	-	-
Items for which provision for bad debt is recognized by credit risk characteristics	按信用風險特徵組合計提壞賬準備	675,833,154.87	100.00	35,230,830.42	5.21
Not individually significant items for which provision for bad debt is recognized separately	單項金額雖不重大但單項計提壞賬準備	-	-	-	-
		675,833,154.87	100.00	35,230,830.42	

		2014 2014年			
		Amount 金額	Proportion 比例 (%)	Provision for bad debt 壞賬準備	Proportion of provision 計提比例 (%)
Individually significant items for which provision for bad debt is recognized separately	單項金額重大並單項計提壞賬準備	-	-	-	-
Items for which provision for bad debt is recognized by credit risk characteristics	按信用風險特徵組合計提壞賬準備	1,078,549,191.66	100.00	52,183,546.35	4.84
Not individually significant items for which provision for bad debt is recognized separately	單項金額雖不重大但單項計提壞賬準備	-	-	-	-
		1,078,549,191.66	100.00	52,183,546.35	

As at 31 December 2015, there was no individually significant accounts receivable for which provision for bad debt was recognized separately (31 December 2014: Nil).

於2015年12月31日，無單項金額重大並單項計提壞賬準備的應收賬款情況(2014年12月31日：無)。

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

3. Accounts receivable (Continued)

Account receivables of which provision for bad debts is made according to aging analysis by the Company are as follows:

		2015 2015年			
		Amount 金額	Proportion 比例 (%)	Provision for bad debt 壞賬準備	Proportion of provision 計提比例 (%)
Within 1 year	1年以內	656,639,242.60	97.16	29,685,681.94	4.52
1-2 years	1至2年	15,510,762.24	2.30	1,977,148.45	12.75
2-3 years	2至3年	164,500.00	0.02	49,350.00	30.00
Over 5 years	5年以上	3,518,650.03	0.52	3,518,650.03	100.00
		675,833,154.87	100.00	35,230,830.42	

		2014 2014年			
		Amount 金額	Proportion 比例 (%)	Provision for bad debt 壞賬準備	Proportion of provision 計提比例 (%)
Within 1 year	1年以內	1,073,977,796.82	99.57	48,511,075.76	4.52
1-2 years	1至2年	1,052,744.81	0.10	153,820.56	14.61
Over 5 years	5年以上	3,518,650.03	0.33	3,518,650.03	100.00
		1,078,549,191.66	100.00	52,183,546.35	

As at 31 December 2015, the top five balances in respect of accounts receivable had a total closing balance of RMB288,777,183.40, accounting for 42.73% of the total of closing balance of accounts receivable. The closing balance in respect of bad debt provided for the top five amounted to RMB14,438,859.17.

As at 31 December 2014, the top five balances in respect of accounts receivable had a total closing balance of RMB732,369,505.39, accounting for 67.90% of the total of closing balance of accounts receivable. The closing balance in respect of bad debt provided for the top five amounted to RMB33,716,319.02.

十五、公司主要財務報表項目註釋(續)

3. 應收賬款(續)

本公司採用賬齡分析法計提壞賬準備的應收賬款情況如下：

於2015年12月31日，餘額前五名的應收賬款的年末餘額合計為人民幣288,777,183.40元，佔應收賬款年末餘額合計數的比例為42.73%，該前五名相應計提的壞賬準備年末餘額為人民幣14,438,859.17元。

於2014年12月31日，餘額前五名的應收賬款的年末餘額合計為人民幣732,369,505.39元，佔應收賬款年末餘額合計數的比例為67.90%，該前五名相應計提的壞賬準備年末餘額為人民幣33,716,319.02元。

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

4. Other receivables

An aging analysis of other receivables is presented as follows:

		2015 2015年	2014 2014年
Within 1 year	1年以內	1,870,123,520.79	1,854,850,509.23
1-2 years	1至2年	-	43,064.00
2-3 years	2至3年	-	3,192,301.40
3 years	3年以上	39,191,603.76	37,308,908.29
		1,909,315,124.55	1,895,394,782.92
Less: Provision for bad debt for other receivables	減：其他應收款壞賬準備	37,186,694.85	32,250,189.05
Closing balance	年末數	1,872,128,429.70	1,863,144,593.87

Changes in provision for bad debts in respect of other receivables are as follows:

4. 其他應收款

其他應收款的賬齡分析如下：

其他應收款壞賬準備的變動如下：

		2015 2015年	2014 2014年
Opening balance	年初數	32,250,189.05	27,516,215.38
Charge during the year	本年計提	4,936,505.80	4,733,973.67
Reversed during the year	本年轉回	-	-
Written off during the year	本年轉銷	-	-
Closing balance	年末數	37,186,694.85	32,250,189.05

		2015 2015年		2014 2014年		Provision for bad debt 壞賬準備	Proportion of provision 計提比例	Provision for bad debt 壞賬準備	Proportion of provision 計提比例
		Amount 金額	Proportion 比例 (%)	Amount 金額	Proportion 比例 (%)				
Individually significant items for which provision for bad debt is recognized separately	單項金額重大並單獨計提壞賬準備	-	-	-	-	-	-	-	-
Items for which provision for bad debt is recognized by credit risk characteristics	按信用風險特徵組合計提壞賬準備	1,909,315,124.55	100.00	37,186,694.85	1.95	1,895,394,782.92	100.00	32,250,189.05	1.70
Not individually significant items for which provision for bad debt is recognized separately	單項金額雖不重大但單獨計提壞賬準備	-	-	-	-	-	-	-	-
		1,909,315,124.55	100.00	37,186,694.85		1,895,394,782.92	100.00	32,250,189.05	

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

4. Other receivables (Continued)

Other receivables of which provision for bad debts is made according to aging analysis by the Company are as follows:

		2015 2015年				2014 2014年			
		Amount 金額	Proportion 比例 (%)	Provision for bad debt 壞賬準備	Proportion of provision 計提比例 (%)	Amount 金額	Proportion 比例 (%)	Provision for bad debt 壞賬準備	Proportion of provision 計提比例 (%)
Within 1 year	1年以內	1,870,123,520.79	97.95	1,513,680.65	0.08	1,854,850,509.23	97.86	998,002.05	0.05
1-2 years	1至2年	-	0.00	-	-	43,064.00	0.00	6,459.60	15.00
2-3 years	2至3年	-	0.00	-	-	3,192,301.40	0.17	957,690.42	30.00
3-4 years	3至4年	3,186,268.53	0.17	1,593,134.27	50.00	9,711,573.73	0.51	4,855,786.87	50.00
4-5 years	4至5年	9,627,276.48	0.50	7,701,821.18	80.00	10,830,210.24	0.57	8,665,125.79	80.00
Over 5 years	5年以上	26,378,058.75	1.38	26,378,058.75	100.00	16,767,124.32	0.89	16,767,124.32	100.00
Total	合計	1,909,315,124.55	100.00	37,186,694.85		1,895,394,782.92	100.00	32,250,189.05	1.70

Other receivables by nature are as follows:

其他應收款按性質分類如下：

		2015 2015年	2014 2014年
Advance to subsidiaries	子公司暫借款	1,845,250,897.70	1,827,411,186.13
Corporate lending and payment on behalf	企業暫借款及代付款	38,978,973.59	39,186,647.02
Reserve fund	備用金	19,082,575.52	16,585,976.36
Others	其他	6,002,677.74	12,210,973.41
		1,909,315,124.55	1,895,394,782.92

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015 (Expressed in Renminbi Yuan)

財務報表附註(續)

二零一五年十二月三十一日(人民幣元)

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

4. Other receivables (Continued)

As at 31 December 2015, the top 5 other receivables are presented as follows:

十五、公司主要財務報表項目註釋(續)

4. 其他應收款(續)

於2015年12月31日，其他應收款金額前五名如下：

	Closing balance	Percentage of total other receivables	Nature	Age	Closing balance of provision for bad debts
	年末餘額	佔其他應收款餘額合計數的比例 (%)	性質	賬齡	壞賬準備年末餘額
Weichai Power (Weifang) Casting Co., Ltd. 濰柴動力(濰坊)鑄鍛有限公司	1,845,250,897.70	96.64	Advance to subsidiaries 子公司暫借款	Within 1 year 1年以內	-
Weichai Power (Chongqing) Western Development Co., Ltd. 濰柴動力(重慶)西部發展有限公司	12,808,968.39	0.67	Advance to subsidiaries and payment on behalf 子公司暫借款及代付款	3-5 years 3至5年	9,292,667.14
Zhuzhou Torch Machinery Manufacturing Co., Ltd. 株洲湘火炬機械製造有限責任公司	9,773,085.84	0.51	Advance to subsidiaries and payment on behalf 子公司暫借款及代付款	over 5 years 5年以上	9,773,085.84
Hangzhou Hongyuan Machinery Manufacturing Co., Ltd. 杭州鴻源機械公司	9,203,387.08	0.48	Corporate lending and payment on behalf 企業暫借款及代付款	over 5 years 5年以上	9,203,387.08
Xinjiang Machinery Equipment Import & Export Co., Ltd. 新疆機械設備進出口公司	6,350,399.53	0.33	Corporate lending and payment on behalf 企業暫借款及代付款	over 5 years 5年以上	6,350,399.53
	1,883,386,738.54	98.63			34,619,539.59

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015 (Expressed in Renminbi Yuan)

財務報表附註(續)

二零一五年十二月三十一日(人民幣元)

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

4. Other receivables (Continued)

As at 31 December 2014, the top 5 other receivables are presented as follows:

	Closing balance	Percentage of total other receivables	Nature	Age	Closing balance of provision for bad debts
	期末餘額	佔其他應收款餘額合計數的比例 (%)	性質	賬齡	壞賬準備年末餘額
Weichai Power (Weifang) Casting Co., Ltd. 濰柴動力(濰坊)鑄鍛有限公司	1,827,411,186.13	96.41	Advance to subsidiaries 子公司暫借款	Within 1 year 1年以內	-
Weichai Power (Chongqing) Western Development Co., Ltd. 濰柴動力(重慶)西部發展有限公司	12,808,968.39	0.68	Advance to subsidiaries and payment on behalf 子公司暫借款及代付款	2-4 years 2至4年	5,768,145.81
Zhuzhou Torch Machinery Manufacturing Co., Ltd. 株洲湘火炬機械製造有限責任公司	10,823,892.02	0.57	Advance to subsidiaries and payment on behalf 子公司暫借款及代付款	4-5 years 4至5年	8,659,113.62
Hangzhou Hongyuan Machinery Manufacturing Co., Ltd. 杭州鴻源機械公司	9,203,387.08	0.49	Corporate lending and payment on behalf 企業暫借款及代付款	Over 5 years 5年以上	9,203,387.08
Xinjiang Machinery Equipment Import & Export Co., Ltd. 新疆機械設備進出口公司	6,350,399.53	0.34	Corporate lending and payment on behalf 企業暫借款及代付款	Over 5 years 5年以上	6,350,399.53
	1,866,597,833.15	98.49			29,981,046.04

十五、公司主要財務報表項目註釋(續)

4. 其他應收款(續)

於2014年12月31日，其他應收款金額前五名如下：

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

5. Inventories

十五、公司主要財務報表項目註釋(續)

5. 存貨

		2015 2015年			2014 2014年		
		Gross carrying amount 賬面餘額	Provision for decline in value 跌價準備	Carrying amount 賬面價值	Gross carrying amount 賬面餘額	Provision for decline in value 跌價準備	Carrying amount 賬面價值
Raw materials	原材料	387,111,200.57	(2,918,947.50)	384,192,253.07	356,884,231.42	(2,236,097.98)	354,648,133.44
Finished goods	產成品	804,044,996.26	(36,415.42)	804,008,580.84	1,516,750,375.34	-	1,516,750,375.34
Self made semi-finished goods and work in progress	自製半成品及在產品	148,026,065.15	-	148,026,065.15	80,056,026.17	-	80,056,026.17
Turnover materials	周轉材料	1,095,864.30	-	1,095,864.30	1,022,783.60	-	1,022,783.60
		1,340,278,126.28	(2,955,362.92)	1,337,322,763.36	1,954,713,416.53	(2,236,097.98)	1,952,477,318.55

The changes in provision for decline in value are as follows:

存貨跌價準備變動如下：

2015

2015年

		Decrease during the year 本年減少				Closing balance 年末數
		Opening balance 年初數	Charge during the year 本年計提	Reversal 轉回	Write-off 轉銷	
Raw materials	原材料	2,236,097.98	682,849.52	-	-	2,918,947.50
Finished goods	產成品	-	36,415.42	-	-	36,415.42
Total	合計	2,236,097.98	719,264.94	-	-	2,955,362.92

2014

2014年

		Decrease during the year 本年減少				Closing balance 年末數
		Opening balance 年初數	Charge during the year 本年計提	Reversal 轉回	Write-off 轉銷	
Raw materials	原材料	2,284,511.00	-	-	(48,413.02)	2,236,097.98

XV. NOTES TO KEY ITEMS OF THE COMPANY
FINANCIAL STATEMENTS (CONTINUED)

6. Investment in associates

	Place of registration/ Key operation 註冊地/ 主要經營地	Registered capital 註冊資本	Nature of business 業務性質	Percentage of shareholding 持股比例
Shanghai Xinlian Chuangye Investment Co., Ltd. 上海鑫聯創業投資有限公司	Shanghai 上海	150,000,000.00	Industrial investment, investment management 實業投資、投資管理	33.33%
Guanya (Shanghai) Investment Fund Partnership Enterprise (Limited Partnership) 冠亞(上海)股權投資基金合夥企業(有限合夥)	Shanghai 上海	400,000,000.00	Equity investment, investment management and investment consultation 股權投資、投資管理及投資諮詢	24.75%
Shandong Heavy Industry Group Finance Co., Ltd. 山東重工集團財務有限公司	Shandong 山東	1,000,000,000.00	Business approved by China Banking Regulatory Commission 經營中國銀行業監督管理委員會批准的業務	20.00%
Dalian Hongyuan Machinery Manufacturing Co., Ltd. 大連鴻源機械製造有限公司	Liaoning 遼寧	USD22,818,208.00 美元22,818,208.00	Hardware tools and automobile parts and accessories 五金工具和汽車零配件	17.31%
Shanzhong Finance Leasing Co., Ltd. 山重融資租賃有限公司	Beijing 北京	920,000,000.00	Finance leasing 融資租賃業務	19.57%
Xinjiang Equipment Imports and Exports Co., Ltd. 新疆設備進出口有限公司	Xinjiang 新疆	20,000,000.00	Import and export business 進出口業務	100.00%

7. Long-term equity investments

7. 長期股權投資

		2015 2015年	2014 2014年
Non-listed investment cost method Non-listed investment equity method	非上市投資成本法 非上市投資權益法	9,504,273,827.68 516,578,752.01	9,489,229,856.07 566,232,838.19
		10,020,852,579.69	10,055,462,694.26
Less: Provision for impairment of long-term equity investment	減：長期股權投資減值準備	-	-
		10,020,852,579.69	10,055,462,694.26

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

7. Long-term equity investments (Continued)

As at 31 December 2015, the breakdown of long-term equity investments under cost method was as follows:

十五、公司主要財務報表項目註釋(續)

7. 長期股權投資(續)

於2015年12月31日，成本法長期股權投資明細如下：

		Opening balance 年初餘額	Changes during the year 本年變動			Closing carrying amount 年末賬面價值	Closing provision for impairment 年末減值準備
			Increase upon consolidation of subsidiaries 其他增加	Other decreases 其他減少	Additional investment 追加投資		
Weichai Power (Hong Kong) International Development Co., Ltd.	濶柴動力(香港)國際發展有限公司	2,087,069,782.12	-	-	-	2,087,069,782.12	-
Shaanxi Heavy-duty Motor Co., Ltd.	陝西重型汽車有限公司	1,992,116,000.85	-	-	-	1,992,116,000.85	-
Shaanxi Fast Gear Co., Ltd.	陝西法士特齒輪有限公司	1,082,558,680.59	-	-	-	1,082,558,680.59	-
Weichai (Chongqing) Automotive Co., Ltd.	濶柴(重慶)汽車有限公司	1,027,410,000.00	-	-	-	1,027,410,000.00	-
Zhuzhou Gear Co., Ltd.	株洲齒輪有限責任公司	532,334,743.21	-	-	-	532,334,743.21	-
Weichai Power (Weifang) Casting Co., Ltd.	濶柴動力(濶坊)鑄造有限公司	460,150,000.00	-	-	-	460,150,000.00	-
Weichai Power (Shanghai) Technology Development Co., Ltd.	濶柴動力(上海)科技發展有限公司	340,000,000.00	-	-	-	340,000,000.00	-
Weichai Power (Beijing) International Resource Investment Co., Ltd.	濶柴動力(北京)國際資源投資公司	300,000,000.00	-	-	-	300,000,000.00	-
Weichai America Crop.	Weichai America Crop.	262,811,997.28	-	-	-	262,811,997.28	-
Zhuzhou Torch Sparkplugs Co., Ltd.	株洲湘火炬火花塞有限責任公司	245,574,858.40	-	-	-	245,574,858.40	-
Weichai Power (Chongqing) Western Development Co., Ltd.	濶柴動力(重慶)西部發展有限公司	240,000,000.00	-	-	-	240,000,000.00	-
Weichai Power (Qingzhou) Drive Control Technology Co., Ltd.	濶柴動力(青州)傳控技術有限公司	150,000,000.00	-	-	-	150,000,000.00	-
Zhuzhou Torch Machinery Manufacturing Co., Ltd.	株洲湘火炬機械製造有限責任公司	130,898,993.14	-	-	-	130,898,993.14	-
Weichai Power (Weifang) Reconstruction Co., Ltd.	濶柴動力(濶坊)再製造有限公司	122,000,000.00	-	-	-	122,000,000.00	-
Weichai Power (Weifang) Spare Part Resources Co., Ltd.	濶柴動力(濶坊)備品資源有限公司	101,410,238.34	-	-	-	101,410,238.34	-
Weichai Power Freshen Air Technology Co., Ltd.	濶柴動力空氣淨化科技有限公司	100,000,000.00	-	-	-	100,000,000.00	-
Weichai Power (Weifang) Equipment Service Co., Ltd.	濶柴動力(濶坊)裝備技術服務有限公司	76,000,000.00	-	-	-	76,000,000.00	-
Shandong Synergy Oil Co., Ltd.	山東歐潤油有限公司	9,426,918.00	-	-	41,288,465.36	50,715,383.36	-
Weichai Power Hydraulic Technology Co., Ltd.	濶柴動力液壓科技有限公司	50,000,000.00	-	-	-	50,000,000.00	-
11 subsidiaries which are not individually significant	單項不重大的11家子公司	179,467,644.14	12,118,687.10	(38,363,180.85)	-	153,223,150.39	-
		9,489,229,856.07	12,118,687.10	(38,363,180.85)	41,288,465.36	9,504,273,827.68	-

As at 31 December 2015, breakdown of long-term equity investments under equity method was as follows:

於2015年12月31日，權益法長期股權投資明細如下：

		Opening balance 年初餘額	Changes during the year 本年變動			Closing carrying amount 年末賬面價值	Closing provision for impairment 年末減值準備
			Other decreases 其他減少	Investment gains and losses under the equity method 權益法下投資損益	Declared cash dividend 宣告現金股利		
Associates	聯營企業						
Shandong Heavy Industry Group Finance Co., Ltd.	山東重工集團財務有限公司	228,029,963.54	-	22,718,404.78	(13,279,503.45)	237,468,864.87	-
Shanzhong Finance Leasing Co., Ltd.	山重融資租賃有限公司	195,590,022.32	-	8,067,878.79	(8,059,700.00)	195,598,201.11	-
4 associates which are not individually significant	單項不重大的4家聯營企業	142,612,852.33	(12,118,687.10)	(46,982,479.20)	-	83,511,686.03	-
		566,232,838.19	(12,118,687.10)	(16,196,195.63)	(21,339,203.45)	516,578,752.01	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015 (Expressed in Renminbi Yuan)

財務報表附註(續)

二零一五年十二月三十一日(人民幣元)

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

7. Long-term equity investments (Continued)

As at 31 December 2014, the breakdown of long-term equity investments under cost method was as follows:

十五、公司主要財務報表項目註釋(續)

7. 長期股權投資(續)

於2014年12月31日，成本法長期股權投資明細如下：

		Opening balance 年初餘額	Changes during the year 本年變動		Closing carrying amount 年末賬面價值	Closing provision for impairment 年末減值準備
			Additional investment 追加投資	Declared cash dividend 宣告現金股利		
Weichai Power (Hong Kong) International Development Co., Ltd.	濰柴動力(香港)國際發展有限公司	378,750,138.28	1,708,319,643.84	-	2,087,069,782.12	-
Shaanxi Heavy-duty Motor Co., Ltd	陝西重型汽車有限公司	1,482,116,000.85	510,000,000.00	95,625,000.00	1,992,116,000.85	-
Shaanxi Fast Gear Co., Ltd.	陝西法士特齒輪有限公司	1,082,558,680.59	-	198,526,617.12	1,082,558,680.59	-
Weichai (Chongqing) Automotive Co., Ltd.	濰柴(重慶)汽車有限公司	918,000,000.00	109,410,000.00	-	1,027,410,000.00	-
Zhuzhou Gear Co., Ltd.	株洲齒輪有限責任公司	532,334,743.21	-	-	532,334,743.21	-
Weichai Power (Weifang) Casting Co., Ltd.	濰柴動力(濰坊)鑄造有限公司	460,150,000.00	-	-	460,150,000.00	-
Weichai Power (Shanghai) Technology Development Co., Ltd.	濰柴動力(上海)科技發展有限公司	340,000,000.00	-	-	340,000,000.00	-
Weichai Power (Beijing) International Resource Investment Co., Ltd.	濰柴動力(北京)國際資源投資公司	300,000,000.00	-	-	300,000,000.00	-
Weichai America Crop.	Weichai America Crop.	227,412,122.28	35,399,875.00	-	262,811,997.28	-
Zhuzhou Torch Sparkplugs Co., Ltd.	株洲湘火炬火花塞有限責任公司	245,574,858.40	-	22,257,250.91	245,574,858.40	-
Weichai Power (Chongqing) Western Development Co., Ltd.	濰柴動力(重慶)西部發展有限公司	240,000,000.00	-	-	240,000,000.00	-
Weichai Power (Qingzhou) Drive Control Technology Co., Ltd.	濰柴動力(青州)傳控技術有限公司	150,000,000.00	-	-	150,000,000.00	-
Zhuzhou Torch Machinery Manufacturing Co., Ltd.	株洲湘火炬機械製造有限責任公司	130,898,993.14	-	-	130,898,993.14	-
Weichai Power (Weifang) Reconstruction Co., Ltd.	濰柴動力(濰坊)再製造公司	122,000,000.00	-	23,933,504.72	122,000,000.00	-
Weichai Power (Weifang) Spare Part Resources Co., Ltd.	濰柴動力(濰坊)備品資源有限公司	101,410,238.34	-	70,124,759.08	101,410,238.34	-
Weichai Power Freshen Air Technology Co., Ltd.	濰柴動力空氣淨化科技有限公司	100,000,000.00	-	1,704,714.74	100,000,000.00	-
Weichai Power (Weifang) Equipment Service Co., Ltd.	濰柴動力(濰坊)裝備技術服務有限公司	76,000,000.00	-	-	76,000,000.00	-
Weichai Power Hydraulic Technology Co., Ltd.	濰柴動力液壓科技有限公司	50,000,000.00	-	-	50,000,000.00	-
12 subsidiaries which are not individually significant	單項不重大的12家子公司	188,894,562.14	-	11,254,397.30	188,894,562.14	-
		7,126,100,337.23	2,363,129,518.84	423,426,243.87	9,489,229,856.07	-

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

7. Long-term equity investments (Continued)

As at 31 December 2014, the breakdown of long-term equity investments under equity method was as follows:

	Opening balance 年初餘額	Changes during the year 本年變動		Closing carrying amount 年末賬面價值	Closing provision for impairment 年末減值準備
		Investment gains and losses under the equity method 權益法下投資損益	Declared cash dividend 宣告現金股利		
Associates					
Shandong Heavy Industry Group Finance Co., Ltd.	213,732,394.01	21,850,102.51	(7,552,532.98)	228,029,963.54	-
Shanzhong Finance Leasing Co., Ltd.	204,772,747.87	8,963,299.45	(18,146,025.00)	195,590,022.32	-
3 associates which are not individually significant	157,355,635.19	(14,742,782.86)	-	142,612,852.33	-
	575,860,777.07	16,070,619.10	(25,698,557.98)	566,232,838.19	-

8. Investment property

Subsequent measure under the cost model:

2015

8. 投資性房地產

採用成本模式進行後續計量：

2015年

		Houses and buildings 房屋及建築物	Land use rights 土地使用權	Total 合計
Gross carrying amount	原價			
Opening balance	年初餘額	1,199,695,698.48	100,766,676.00	1,300,462,374.48
Transfer from construction in progress	在建工程轉入	219,260,272.71	-	219,260,272.71
Disposal and retirement	處置及報廢	-	-	-
Closing balance	年末餘額	1,418,955,971.19	100,766,676.00	1,519,722,647.19
Accumulated depreciation and amortization	累計折舊和攤銷			
Opening balance	年初餘額	295,269,424.01	11,395,411.93	306,664,835.94
Provision	計提	67,677,811.19	2,015,333.51	69,693,144.70
Disposal or retirement	處置或報廢	-	-	-
Closing balance	年末餘額	362,947,235.20	13,410,745.44	376,357,980.64
Carrying amount	賬面價值			
Closing	年末	1,056,008,735.99	87,355,930.56	1,143,364,666.55
Opening	年初	904,426,274.47	89,371,264.07	993,797,538.54

XV. NOTES TO KEY ITEMS OF THE COMPANY
FINANCIAL STATEMENTS (CONTINUED)

8. Investment property (Continued)

Subsequent measure under the cost model: (Continued)

2014

十五、公司主要財務報表項目註釋(續)

8. 投資性房地產(續)

採用成本模式進行後續計量：(續)

2014年

		Houses and buildings 房屋及建築物	Land use rights 土地使用權	Total 合計
Gross carrying amount	原價			
Opening balance	年初餘額	1,199,695,698.48	100,766,676.00	1,300,462,374.48
Transfer from construction in progress	在建工程轉入	-	-	-
Disposal and retirement	處置及報廢	-	-	-
Closing balance	年末餘額	1,199,695,698.48	100,766,676.00	1,300,462,374.48
Accumulated depreciation and amortization	累計折舊和攤銷			
Opening balance	年初餘額	235,847,791.77	9,380,078.41	245,227,870.18
Provision	計提	59,421,632.24	2,015,333.52	61,436,965.76
Disposal or retirement	處置或報廢	-	-	-
Closing balance	年末餘額	295,269,424.01	11,395,411.93	306,664,835.94
Carrying amount	賬面價值			
Closing	年末	904,426,274.47	89,371,264.07	993,797,538.54
Opening	年初	963,847,906.71	91,386,597.59	1,055,234,504.30

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

9. Fixed assets
2015

		Houses and buildings 房屋及建築物	Machinery and equipment 機器設備	Electronic equipment 電子設備	Transportation equipment 運輸設備	Others 其他	Total 合計
Gross carrying amount	原價						
Opening balance	年初餘額	1,340,546,401.49	2,402,755,097.52	585,580,083.98	131,054,310.23	751,668,875.63	5,211,604,768.85
Acquisition	購置	-	28,350,932.95	18,899,385.76	126,000.00	74,777.77	47,451,096.48
Transfer from construction in progress	在建工程轉入	287,811,601.27	40,711,721.14	32,293,543.91	9,458,186.91	56,409,905.01	426,684,958.24
Disposal or retirement	處置或報廢	-	(74,136,556.06)	(8,178,607.58)	(2,801,049.24)	(40,922,266.97)	(126,038,479.85)
Closing balance	年末餘額	1,628,358,002.76	2,397,681,195.55	628,594,406.07	137,837,447.90	767,231,291.44	5,559,702,343.72
Accumulated depreciation	累計折舊						
Opening balance	年初餘額	337,853,883.50	1,240,545,766.39	404,464,357.62	100,000,024.22	507,987,284.60	2,590,851,316.33
Provision	計提	70,959,365.32	204,276,706.92	77,320,494.75	14,183,343.30	30,768,139.25	397,508,049.54
Disposal or retirement	處置或報廢	-	(58,670,249.23)	(7,635,047.55)	(3,161,830.69)	(3,484,621.87)	(72,951,749.34)
Closing balance	年末餘額	408,813,248.82	1,386,152,224.08	474,149,804.82	111,021,536.83	535,270,801.98	2,915,407,616.53
Carrying amount	賬面價值						
Closing	年末	1,219,544,753.94	1,011,528,971.47	154,444,601.25	26,815,911.07	231,960,489.46	2,644,294,727.19
Opening	年初	1,002,692,517.99	1,162,209,331.13	181,115,726.36	31,054,286.01	243,681,591.03	2,620,753,452.52

2014

		Houses and buildings 房屋及建築物	Machinery and equipment 機器設備	Electronic equipment 電子設備	Transportation equipment 運輸設備	Others 其他	Total 合計
Gross carrying amount	原價						
Opening balance	年初餘額	1,092,546,401.49	2,277,462,424.11	511,854,590.42	124,200,631.16	755,555,435.80	4,761,619,482.98
Acquisition	購置	-	1,061,740.95	276,358.90	192,355.63	22,815.00	1,553,270.48
Transfer from construction in progress	在建工程轉入	248,000,000.00	168,965,214.78	84,703,201.11	14,666,381.49	5,414,354.08	521,749,151.46
Disposal or retirement	處置或報廢	-	(44,734,282.32)	(11,254,066.45)	(8,005,058.05)	(9,323,729.25)	(73,317,136.07)
Closing balance	年末餘額	1,340,546,401.49	2,402,755,097.52	585,580,083.98	131,054,310.23	751,668,875.63	5,211,604,768.85
Accumulated depreciation	累計折舊						
Opening balance	年初餘額	284,292,152.67	1,068,711,931.83	257,630,933.67	82,506,853.19	456,414,759.12	2,149,556,630.48
Provision	計提	53,561,730.83	205,458,095.14	157,495,790.04	24,370,358.74	59,434,580.39	500,320,555.14
Disposal or retirement	處置或報廢	-	(33,624,260.58)	(10,662,366.09)	(6,877,187.71)	(7,862,054.91)	(59,025,869.29)
Closing balance	年末餘額	337,853,883.50	1,240,545,766.39	404,464,357.62	100,000,024.22	507,987,284.60	2,590,851,316.33
Carrying amount	賬面價值						
Closing	年末	1,002,692,517.99	1,162,209,331.13	181,115,726.36	31,054,286.01	243,681,591.03	2,620,753,452.52
Opening	年初	808,254,248.82	1,208,750,492.28	254,223,656.75	41,693,777.97	299,140,676.68	2,612,062,852.50

As at 31 December 2015, the carrying amount of houses and buildings of the Company that have not yet obtained real estate certificates was RMB397,224,427.46 (31 December 2014: RMB410,733,261.05), of which the carrying amount of houses and buildings of the Company that were in the process of obtaining real estate certificates was RMB397,224,427.46.

於2015年12月31日，本公司尚未獲得房地產證的房屋建築物賬面價值為人民幣397,224,427.46元(2014年12月31日：人民幣410,733,261.05元)。其中，本公司正在申請房地產證的房屋建築物賬面價值為人民幣397,224,427.46元。

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

十五、公司主要財務報表項目註釋(續)

10. Intangible assets

10. 無形資產

2015

2015年

		Opening balance 年初數	Acquisition 購置	Disposal or retirement 處置或報廢	Closing balance 年末數
Gross carrying amount of asset	資產原價				
Technology know-how	專有技術	218,365,759.46	-	-	218,365,759.46
Trademark rights	商標使用權	124,448,000.00	-	-	124,448,000.00
Land use rights	土地使用權	260,497,899.05	-	-	260,497,899.05
Software	軟件	16,190,139.03	239,316.24	-	16,429,455.27
		619,501,797.54	239,316.24	-	619,741,113.78
		Opening balance 年初數	Provision 計提	Disposal or retirement 處置或報廢	Closing balance 年末數
Less: Accumulated amortization	減：累計攤銷				
Technology know-how	專有技術	218,121,693.01	58,575.94	-	218,180,268.95
Trademark rights	商標使用權	15,555,996.00	-	-	15,555,996.00
Land use rights	土地使用權	34,232,125.25	5,357,380.59	-	39,589,505.84
Software	軟件	16,143,609.99	56,500.55	-	16,200,110.54
		284,053,424.25	5,472,457.08	-	289,525,881.33
		Opening balance 年初數			Closing balance 年末數
Net carrying amount	賬面淨值				
Technology know-how	專有技術	244,066.45			185,490.51
Trademark rights	商標使用權	108,892,004.00			108,892,004.00
Land use rights	土地使用權	226,265,773.80			220,908,393.21
Software	軟件	46,529.04			229,344.73
		335,448,373.29			330,215,232.45

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015 (Expressed in Renminbi Yuan)

財務報表附註(續)

二零一五年十二月三十一日(人民幣元)

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

10. Intangible assets (Continued)

2014

十五、公司主要財務報表項目註釋(續)

10. 無形資產(續)

2014年

		Opening balance 年初數	Acquisition 購置	Disposal or retirement 處置或報廢	Closing balance 年末數
Gross carrying amount of asset	資產原價				
Technology know-how	專有技術	218,365,759.46	-	-	218,365,759.46
Trademark rights	商標使用權	124,448,000.00	-	-	124,448,000.00
Land use rights	土地使用權	260,497,899.05	-	-	260,497,899.05
Software	軟件	16,190,139.03	-	-	16,190,139.03
		619,501,797.54	-	-	619,501,797.54
		Opening balance 年初數	Acquisition 計提	Disposal or retirement 處置或報廢	Closing balance 年末數
Less: Accumulated amortization	減：累計攤銷				
Technology know-how	專有技術	218,063,117.07	58,575.94	-	218,121,693.01
Trademark rights	商標使用權	15,555,996.00	-	-	15,555,996.00
Land use rights	土地使用權	28,874,744.78	5,357,380.47	-	34,232,125.25
Software	軟件	15,842,312.08	301,297.91	-	16,143,609.99
		278,336,169.93	5,717,254.32	-	284,053,424.25
		Opening balance 年初數			Closing balance 年末數
Net carrying amount	賬面淨值				
Technology know-how	專有技術	302,642.39			244,066.45
Trademark rights	商標使用權	108,892,004.00			108,892,004.00
Land use rights	土地使用權	231,623,154.27			226,265,773.80
Software	軟件	347,826.95			46,529.04
		341,165,627.61			335,448,373.29

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

十五、公司主要財務報表項目註釋(續)

11. Payroll payable

11. 應付職工薪酬

2015

2015年

		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額
Short-term remuneration	短期薪酬	531,482,274.49	767,617,167.41	(861,932,709.37)	437,166,732.53
Post-employment benefits (Defined contribution plan)	離職後福利 (設定提存計劃)	8,458,501.71	144,912,147.02	(145,251,735.74)	8,118,912.99
Severance benefits Portion payable within one year	辭退福利 一年內支付的部分	2,877,585.46	44,994,953.29	(21,416,078.06)	26,456,460.69
		542,818,361.66	957,524,267.72	(1,028,600,523.17)	471,742,106.21

2014

2014年

		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額
Short-term remuneration	短期薪酬	535,508,976.73	1,009,345,783.79	(1,013,372,486.03)	531,482,274.49
Post-employment benefits (Defined contribution plan)	離職後福利 (設定提存計劃)	7,691,649.74	157,529,563.36	(156,762,711.39)	8,458,501.71
Severance benefits Portion payable within one year	辭退福利 一年內支付的部分	-	8,105,039.99	(5,227,454.53)	2,877,585.46
		543,200,626.47	1,174,980,387.14	(1,175,362,651.95)	542,818,361.66

Short-term remuneration is as follows:

短期薪酬如下：

2015

2015年

		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額
Salaries, bonuses, allowances and subsidies	工資、獎金、津貼和補貼	487,657,187.07	562,158,931.01	(666,635,131.54)	383,180,986.54
Staff welfare	職工福利費	662,231.41	29,660,781.31	(29,857,557.42)	465,455.30
Social security	社會保險費	2,726,081.38	83,508,780.83	(83,479,823.44)	2,755,038.77
Housing funds	住房公積金	6,406,110.49	64,402,844.49	(64,062,658.88)	6,746,296.10
Union running costs and employee education costs	工會經費和職工教育經費	34,030,664.14	27,885,829.77	(17,897,538.09)	44,018,955.82
		531,482,274.49	767,617,167.41	(861,932,709.37)	437,166,732.53

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

11. Payroll payable (Continued)

Short-term remuneration is as follows: (Continued)

2014

		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額
Salaries, bonuses, allowances and subsidies	工資、獎金、津貼和補貼	492,746,337.12	801,856,032.51	(806,945,182.56)	487,657,187.07
Staff welfare	職工福利費	139,950.46	27,728,820.01	(27,206,539.06)	662,231.41
Social security	社會保險費	1,804,253.57	85,097,957.07	(84,176,129.26)	2,726,081.38
Housing funds	住房公積金	4,931,091.46	61,481,666.27	(60,006,647.24)	6,406,110.49
Union running costs and employee education costs	工會經費和職工教育經費	35,887,344.12	33,181,307.93	(35,037,987.91)	34,030,664.14
		535,508,976.73	1,009,345,783.79	(1,013,372,486.03)	531,482,274.49

Defined contribution plan is as follows:

2015

設定提存計劃如下：

2015年

		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額
Basic pension insurance	基本養老保險	4,872,751.98	97,093,106.03	(97,233,499.92)	4,732,358.09
Unemployment insurance	失業保險費	-	5,460,465.75	(5,460,465.75)	-
Corporate contribution to pension fund	企業年金繳費	3,585,749.73	42,358,575.24	(42,557,770.07)	3,386,554.90
		8,458,501.71	144,912,147.02	(145,251,735.74)	8,118,912.99

2014

2014年

		Opening balance 年初餘額	Increase during the year 本年增加	Decrease during the year 本年減少	Closing balance 年末餘額
Basic pension insurance	基本養老保險	4,872,751.98	107,794,971.80	(107,794,971.80)	4,872,751.98
Unemployment insurance	失業保險費	117,562.63	5,755,679.20	(5,873,241.83)	-
Corporate contribution to pension fund	企業年金繳費	2,701,335.13	43,978,912.36	(43,094,497.76)	3,585,749.73
		7,691,649.74	157,529,563.36	(156,762,711.39)	8,458,501.71

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

十五、公司主要財務報表項目註釋(續)

12. Taxes payable

12. 應交稅費

		2015 2015年	2014 2014年
Value-added tax	增值稅	5,327,511.95	35,856,902.24
Corporate income tax	企業所得稅	4,124,748.42	122,420,212.23
Individual income tax	個人所得稅	8,232,374.10	5,684,096.90
Property tax	房產稅	8,836,993.87	4,824,492.39
Stamp duty	印花稅	5,402,879.94	1,838,426.55
Land use tax	土地使用稅	5,500,041.00	4,304,854.00
City construction	城建稅	397,382.34	2,573,797.15
Business tax	營業稅	337,696.70	903,482.10
Educational surtax	教育費附加	283,844.54	5,147,188.00
Others	其他	3,494.37	354,320.37
		38,446,967.23	183,907,771.93

13. Other current liabilities

13. 其他流動負債

		2015 2015年	2014 2014年
Expected after-sales expenses (Note)	預計三包費(註)	474,669,460.90	722,824,200.00

Note: The Group's expected after-sales expenses were recognized according to the historical after-sale expenses incurred for the units of product effectively sold and the number of product sold which are still within the after-sale period.

註：本公司預計三包費用根據歷史上實際發生單位產品的三包費用和尚在三包期內的已售產品數量計提。

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

14. Deferred income

十五、公司主要財務報表項目註釋(續)

14. 遞延收益

		2015 2015年	2014 2014年
Land-related government grant	與土地相關的政府補助	285,462,657.32	246,249,585.56
Industry revitalization and technical renovation special fund	產業振興和技改專項資金	9,257,847.40	13,113,660.93
Position-based allowances for project teams	項目人才團隊崗位津貼等	29,473,900.00	-
		324,194,404.72	259,363,246.49

As at 31 December 2015, Items of liabilities involving government grant are as follows:

於2015年12月31日，涉及政府補助的負債項目如下：

		Opening balance 年初金額	Addition during the year 本年新增	Taken to non-operating income during the year 本年計入 營業外收入	Closing balance 年末餘額	Related to assets/ income 與資產/ 收益相關
Land-related government grant	與土地相關的政府補助	246,249,585.56	42,120,000.00	2,906,928.24	285,462,657.32	Related to assets 與資產相關
Industry revitalization and technical renovation special fund	產業振興和技改專項資金	13,113,660.93	-	3,855,813.53	9,257,847.40	Related to assets 與資產相關
Position-based allowances for project teams	項目人才團隊崗位津貼等	-	29,473,900.00	-	29,473,900.00	Related to income 與收益相關
		259,363,246.49	71,593,900.00	6,762,741.77	324,194,404.72	

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

14. Deferred income(Continued)

As at 31 December 2014, Items of liabilities involving government grant are as follows:

		Opening balance	Addition during the year	Taken to non-operating income during the year	Closing balance	Related to assets/income
		年初金額	本年新增	本年計入營業外收入	年末餘額	與資產/收益相關
Land-related government grant	與土地相關的政府補助	199,616,513.80	49,540,000.00	2,906,928.24	246,249,585.56	Related to assets 與資產相關
Industry revitalization and technical renovation special fund	產業振興和技改專項資金	14,147,661.17	3,767,000.06	4,801,000.30	13,113,660.93	Related to assets 與資產相關
		213,764,174.97	53,307,000.06	7,707,928.54	259,363,246.49	

15. Revenue and cost of sales

15. 營業收入及成本

		2015 2015年		2014 2014年	
		Revenue 收入	Cost 成本	Revenue 收入	Cost 成本
Principal operations	主營業務	12,118,865,725.16	9,191,260,379.45	22,547,735,177.88	16,297,827,294.12
Other revenue	其他業務	776,888,720.81	725,015,391.24	1,139,693,457.05	1,048,819,028.34
		12,895,754,445.97	9,916,275,770.69	23,687,428,634.93	17,346,646,322.46

Revenue is listed as follows:

營業收入列示如下：

		2015 2015年	2014 2014年
Motors	發動機	11,813,897,889.28	22,086,735,432.09
Sale of raw materials	原材料銷售	215,016,080.68	489,075,956.81
Automotive components	汽車零部件	251,501,636.22	375,811,100.64
Leasing of fixed assets	出租固定資產	85,065,583.62	74,632,052.95
Others	其他	530,273,256.17	661,174,092.44
Total	合計	12,895,754,445.97	23,687,428,634.93

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

16. Investment income

		2015 2015年	2014 2014年
Gain on long-term equity investments under the cost method	成本法核算的長期股權投資收益	435,562,168.02	423,426,243.87
Gain/(loss) on long-term equity investments under the equity method	權益法核算的長期股權投資收益/(損失)	(16,196,195.63)	16,070,619.10
Investment income arising from the disposal of other long-term equity investments	處置其他長期股權投資產生的投資收益	11,227,751.15	-
Investment gain during the period in which available-for-sale financial assets were held	持有可供出售金融資產期間取得的投資收益	1,720,000.00	3,920,000.00
		432,313,723.54	443,416,862.97

17. Expenses by nature

The supplemental information of the Group's cost of sales, distribution and selling expenses, general and administrative expenses which are categorized by nature is as follows:

17. 費用按性質分類

本公司營業成本、銷售費用、管理費用費用按照性質分類的補充資料如下：

		2015 2015年	2014 2014年
Materials used	耗用的材料	7,484,006,321.87	15,904,337,637.34
Staff remuneration	職工薪酬	969,917,317.31	1,190,795,692.43
Technological development costs	技術開發費	714,763,756.98	1,066,074,513.99
Movement of inventories of finished goods and work in progress	產成品及在產品存貨變動	644,735,340.02	93,622,507.70
Depreciation and amortization expenses	折舊費和攤銷費用	466,944,579.38	567,889,941.22
Rental	租金	12,030,720.81	25,650,057.02
Others	其他	1,451,502,387.68	1,168,077,562.61
		11,743,900,424.05	20,016,447,912.31

XV. NOTES TO KEY ITEMS OF THE COMPANY
FINANCIAL STATEMENTS (CONTINUED)

18. Income tax expenses

十五、公司主要財務報表項目註釋(續)

18. 所得稅費用

		2015 2015年	2014 2014年
Current tax expenses	當期所得稅費用	81,406,545.52	585,861,181.56
Deferred tax expenses	遞延所得稅費用	103,809,704.52	(50,764,409.31)
		185,216,250.04	535,096,772.25

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

所得稅費用與利潤總額的關係列示如下：

		2015 2015年	2014 2014年
Total profit	利潤總額	1,873,584,358.57	4,220,289,338.03
Tax at preferential tax rate	按優惠稅率計算的稅項	281,037,653.79	633,043,400.70
Adjustments to current tax of previous periods	對以前期間當期所得稅的調整	(133,026.46)	(307,795.94)
Income not subject to tax	無須納稅的收入	(65,592,325.20)	(66,512,529.45)
Expenses not deductible for tax	不可抵扣的費用	716,298.68	9,817,348.75
Deductions for research and development costs	研發費用加計扣除	(30,812,350.77)	(40,943,651.81)
Tax expense at the Group's effective tax rate	按本公司實際稅率計算的所得稅費用	185,216,250.04	535,096,772.25

XV. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

19. Supplement to cash flow statement

十五、公司主要財務報表項目註釋(續)

19. 現金流量表補充資料

		2015 2015年	2014 2014年
Net profit	淨利潤	1,688,368,108.53	3,685,192,565.78
Add: Provision for impairment of assets	加：計提的資產減值準備	(11,296,945.18)	48,508,567.71
Increase in special reserve	專項儲備的增加	12,487,658.98	9,963,829.99
Depreciation of fixed assets and investment properties	固定資產及投資性房地產折舊	467,201,194.24	561,757,520.90
Amortization of intangible assets	無形資產攤銷	5,472,457.08	5,717,254.32
Amortization of long-term deferred expenses	長期待攤費用攤銷	2,490,996.00	415,166.00
(Gain)/Loss on disposal of fixed assets, intangible assets and other long-term assets	處置固定資產、無形資產和其他長期資產的(收益)/損失	(650,891.78)	2,755,900.82
Finance expenses	財務費用	102,463,604.16	126,764,723.49
Investment loss/(income)	投資損失/(收益)	(432,313,723.54)	(443,416,862.97)
Decrease/(Increase) in deferred tax assets	遞延所得稅資產的減少/(增加)	104,229,704.52	(50,764,409.31)
Decrease in inventories	存貨的減少	614,435,290.24	26,873,327.47
Decrease in operating receivables	經營性應收項目的減少	2,919,655,535.92	1,634,905,332.02
Decrease in operating payables	經營性應付項目的減少	(5,535,695,907.69)	(86,228,326.03)
Net cash flow (used in)/from operating activities	經營活動(使用)/產生的現金流量淨額	(63,152,918.52)	5,522,444,590.19

20. Cash and cash equivalents

20. 現金及現金等價物

		2015 2015年	2014 2014年
Cash	現金		
Incl: Cash on hand	其中：庫存現金	231,540.67	108,814.77
Bank deposit on demand	可隨時用於支付的銀行存款	12,429,138,306.98	13,418,505,629.66
Closing balance of cash and cash equivalents	年末現金及現金等價物餘額	12,429,369,847.65	13,418,614,444.43
		2015 2015年	2014 2014年
Closing balance of cash and cash equivalents	年末貨幣資金餘額	12,447,686,804.26	13,471,590,469.50
Less: Balance of restricted cash and cash equivalents	減：使用受到限制的貨幣資金餘額	18,316,956.61	52,976,025.07
Closing balance of cash and cash equivalents	年末現金及現金等價物餘額	12,429,369,847.65	13,418,614,444.43

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