慶鈴汽車股份有限公司

QINGLING MOTORS CO. LTD.

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

(Stock Code: 1122)

Announcement of 2014 Results

The board of directors of the Company (the "**Board**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTES	**Year ended 31/12/2014** *RMB'000*	Year ended 31/12/2013 *RMB'000*
Revenue	*2, 3*	**5,800,078**	5,782,887
Cost of sales		**(4,926,202)**	(4,905,392)
Gross profit		**873,876**	877,495
Other income		**124,177**	127,364
Other gains and losses		**17,777**	9,630
Distribution and selling expenses		**(310,424)**	(383,953)
Administrative expenses		**(174,301)**	(165,439)
Research expenses		**(23,886)**	(30,406)
Share of profit of an associate		**269**	313
Share of profits less losses of joint ventures		**15,247**	7,249
Profit before tax	*5*	**522,735**	442,253
Income tax expense	*4*	**(74,037)**	(64,632)
Profit and total comprehensive income for the year		**448,698**	377,621
Profit and total comprehensive income attributable to:			
Owners of the Company		**444,549**	371,681
Non-controlling interests		**4,149**	5,940
		448,698	377,621
Basic earnings per share	*6*	**RMB0.18**	RMB0.15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2014

	NOTES	31/12/2014 RMB'000	31/12/2013 RMB'000
Non-current assets			
Property, plant and equipment		**919,792**	1,144,232
Prepaid lease payments		**42,043**	43,426
Investment properties		**38,318**	39,022
Intangible assets		**150,465**	43,641
Interest in an associate		**6,566**	6,297
Interests in joint ventures		**414,581**	399,334
Deferred tax assets		**12,232**	2,299
Prepayments for acquisition of non-current assets		**—**	50,681
		1,583,997	1,728,932
Current assets			
Inventories		**1,037,487**	795,068
Trade and other receivables	*8*	**877,535**	824,276
Bills receivable	*9*	**2,748,660**	2,648,726
Prepaid lease payments		**1,383**	1,383
Bank deposits with original maturity more than three months		**2,797,786**	2,625,304
Bank balances and cash		**1,133,712**	1,206,765
		8,596,563	8,101,522
Current liabilities			
Trade, bills and other payables	*10*	**2,361,216**	2,136,133
Tax liabilities		**31,272**	27,446
		2,392,488	2,163,579
Net current assets		**6,204,075**	5,937,943
Total assets less current liabilities		**7,788,072**	7,666,875
Capital and reserves			
Share capital	*11*	**2,482,268**	2,482,268
Share premium and reserves		**5,009,424**	4,887,569
Equity attributable to owners of the Company		**7,491,692**	7,369,837
Non-controlling interests		**296,380**	297,038
Total equity		**7,788,072**	7,666,875

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs and a new Interpretation issued by the Hong Kong Institute of Certified Public Accountants for the first time in the current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting; and*
HK (IFRIC)-Int 21	*Levies*

The application of the above amendments to HKFRSs and Interpretation in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	*Financial Instruments*[1]
HKFRS 14	*Regulatory Deferral Accounts*[2]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[5]
Amendments to HKAS 1	*Disclosure Initiative*[5]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[5]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[4]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2010–2012 Cycle*[6]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2011–2013 Cycle*[4]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2012–2014 Cycle*[5]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[5]
Amendments to HKAS 27	*Equity Method in Separate Financial Statements*[5]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	*Investment Entities: Applying the Consolidation Exception*[5]

1 Effective for annual periods beginning on or after 1 January 2018.

2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

3 Effective for annual periods beginning on or after 1 January 2017.

4 Effective for annual periods beginning on or after 1 July 2014.

5 Effective for annual periods beginning on or after 1 January 2016.

6 Effective for annual periods beginning on or after 1 July 2014 with limited exceptions.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Other than the above, the directors of the Company anticipate that the application of the new standard, amendments to standards will have no material impact on these consolidated financial statements of the Group.

2. REVENUE

Revenue represents revenue arising on goods sold by the Group to external customers, net of discounts and sales related tax. The following is an analysis of the Group's revenue from its major products:

	Year ended 31/12/2014 *RMB'000*	Year ended 31/12/2013 *RMB'000*
Sales of trucks and vehicles	**5,385,392**	5,345,819
Sales of automobile parts and accessories	**414,686**	437,068
	5,800,078	5,782,887

3. SEGMENT INFORMATION

The Group is engaged in the manufacture and sales of five categories of products — light-duty trucks, multi-purposes vehicles, pick-up trucks, medium and heavy-duty trucks and automobile parts and accessories and the chief operating decision makers (e.g. the Company's executive directors) also review the segment information by these categories to allocate resources to segments and to assess their performance.

Principal business segments are as follows:

Light-duty trucks	— manufacture and sales of light-duty trucks
Multi-purposes vehicles	— manufacture and sales of multi-purposes vehicles
Pick-up trucks	— manufacture and sales of pick-up trucks
Medium and heavy-duty trucks	— manufacture and sales of medium and heavy-duty trucks
Automobile parts and accessories	— manufacture and sales of automobile parts and accessories

(i) Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment:

For the year ended 31 December 2014

	Light-duty trucks *RMB'000*	Multi-purposes vehicles *RMB'000*	Pick-up trucks *RMB'000*	Medium and heavy-duty trucks *RMB'000*	Automobile parts and accessories *RMB'000*	Consolidated *RMB'000*
Segment revenue	**2,791,539**	**29,359**	**1,253,066**	**1,310,985**	**415,129**	**5,800,078**
Segment result	**210,505**	**1,433**	**121,544**	**112,157**	**2,222**	**447,861**
Central administration costs						**(82,596)**
Interest income						**97,412**
Other income						**44,542**
Share of profit of an associate						**269**
Share of profits less losses of joint ventures						**15,247**
Profit before tax						**522,735**

For the year ended 31 December 2013

	Light-duty trucks *RMB'000*	Multi-purposes vehicles *RMB'000*	Pick-up trucks *RMB'000*	Medium and heavy-duty trucks *RMB'000*	Automobile parts and accessories *RMB'000*	Consolidated *RMB'000*
Segment revenue	2,566,640	14,343	1,766,417	998,419	437,068	5,782,887
Segment result	147,068	620	167,848	66,449	2,241	384,226
Central administration costs						(86,529)
Interest income						92,592
Other income						44,402
Share of profit of an associate						313
Share of profits less losses of joint ventures						7,249
Profit before tax						442,253

(ii) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

As at 31 December 2014

	Light-duty trucks	Multi-purposes vehicles	Pick-up trucks	Medium and heavy-duty trucks	Automobile parts and accessories	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Assets						
Segment assets	**2,311,139**	**24,194**	**923,738**	**1,470,773**	**159,275**	**4,889,119**
Interchangeably used assets between segments						
— property, plant and equipment						**455,457**
— prepaid lease payments						**43,426**
— inventories						**226,530**
Investment properties						**38,318**
Interest in an associate						**6,566**
Interests in joint ventures						**414,581**
Bank deposits and bank balances						**3,931,498**
Other unallocated assets						**175,065**
Consolidated total assets						**10,180,560**
Liabilities						
Segment liabilities	**258,678**	**1,252**	**77,783**	**66,531**	**15,435**	**419,679**
Unallocated trade, bills and other payables						**1,941,537**
Other unallocated liabilities						**31,272**
Consolidated total liabilities						**2,392,488**

As at 31 December 2013

	Light-duty trucks *RMB'000*	Multi-purposes vehicles *RMB'000*	Pick-up trucks *RMB'000*	Medium and heavy-duty trucks *RMB'000*	Automobile parts and accessories *RMB'000*	Consolidated *RMB'000*
Assets						
Segment assets	2,188,835	14,203	979,601	1,274,282	155,541	4,612,462
Interchangeably used assets between segments						
— property, plant and equipment						592,534
— prepaid lease payments						44,809
— inventories						164,669
Investment properties						39,022
Prepayments for acquisition of non-current assets						50,681
Interest in an associate						6,297
Interests in joint ventures						399,334
Bank deposits and bank balances						3,832,069
Other unallocated assets						88,577
Consolidated total assets						9,830,454
Liabilities						
Segment liabilities	227,386	1,493	119,789	61,222	19,320	429,210
Unallocated trade, bills and other payables						1,706,923
Other unallocated liabilities						27,446
Consolidated total liabilities						2,163,579

(iii) Other segment information

For the year ended 31 December 2014

	Light-duty trucks *RMB'000*	**Multi-purposes vehicles** *RMB'000*	**Pick-up trucks** *RMB'000*	**Medium and Heavy-duty trucks** *RMB'000*	**Automobile parts and accessories** *RMB'000*	**Unallocated** *RMB'000*	**Consolidated** *RMB'000*
OTHER INFORMATION							
Amount included in the measure of segment profit or loss or segment assets:							
Additions of property, plant and equipment	**3,426**	**—**	**259**	**20,420**	**—**	**3,575**	**27,680**
Amortisation of intangible assets	**2,892**	**444**	**444**	**9,364**	**—**	**—**	**13,144**
Depreciation of property, plant and equipment	**92,415**	**—**	**41,147**	**113,998**	**—**	**3,195**	**250,755**
Depreciation of investment properties	**—**	**—**	**—**	**—**	**—**	**2,017**	**2,017**
Release of prepaid lease payments	**—**	**—**	**—**	**—**	**—**	**1,383**	**1,383**

For the year ended 31 December 2013

	Light-duty trucks *RMB'000*	Multi-purposes vehicles *RMB'000*	Pick-up trucks *RMB'000*	Medium and Heavy-duty trucks *RMB'000*	Automobile parts and accessories *RMB'000*	Unallocated *RMB'000*	Consolidated *RMB'000*
OTHER INFORMATION							
Amount included in the measure of segment profit or loss or segment assets:							
Additions of property, plant and equipment	20,623	—	8,695	13,690	—	31,943	74,951
Prepayments for acquisition of non-current assets	—	—	—	—	—	50,681	50,681
Amortisation of intangible assets	2,670	—	—	5,740	—	—	8,410
Depreciation of property, plant and equipment	139,010	—	57,472	81,573	—	3,433	281,488
Depreciation of investment properties	—	—	—	—	—	13,969	13,969
Release of prepaid lease payments	—	—	—	—	—	1,383	1,383

(iv) Geographical information

Non-current assets (excluding deferred tax assets) of the Group amounting to RMB1,571,765,000 (2013: RMB1,726,633,000) are located in the PRC and substantially all of the sales of the Group are also made to customers located in the PRC. The Group has made limited export sales to countries outside the PRC which accounted for approximately 0.39% (2013: 0.36%) of the Group's revenue.

All of the carrying amount of segment assets and additions to property, plant and equipment are located in the PRC for both years presented.

(v) Information about major customers

No revenue from a single external customer other than 慶鈴汽車（集團）有限公司 ("Qingling Group") and its subsidiaries contributed 10% or more of the Group's revenue. For the year ended 31 December 2014, revenue from Qingling Group and its subsidiaries amounted to RMB1,830,443,000 (2013: RMB1,614,761,000).

4. INCOME TAX EXPENSE

	Year ended 31/12/2014	Year ended 31/12/2013
	RMB'000	*RMB'000*
Current tax charge	**83,970**	63,831
Under-provision in prior years	**—**	770
Deferred tax charge	**(9,933)**	31
	74,037	64,632

According to the Notice of the Enterprise Income Tax for Implementation of Exploration and Development of Western Region (Guo Shui [2012] No. 12), a company located in the western region of the PRC and engaged in the business included in the Catalogue of Industries Encouraged to Develop in the Western Region is entitled to apply to the tax authority for the preferential EIT rate of 15% if the certain conditions set out in the notice are satisfied. The Company and 重慶慶鈴模具有限公司 ("**Qingling Moulds**"), a subsidiary of the Group have applied and obtained the approval from the tax authority in respect of the application of the preferential EIT rate in 2012, and filed on record of the tax authority in 2013. In the opinion of the directors, the Company and Qingling Moulds are able to satisfy the conditions set out in the notice and therefore continue to apply the preferential EIT rate of 15% in 2014.

重慶慶鈴技術中心 , a subsidiary of the Group is subject to 25% (2013: 25%) EIT rate for the years ended 31 December 2014.

The tax charge for the year can be reconciled to the profit per consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31/12/2014 *RMB'000*	Year ended 31/12/2013 *RMB'000*
Profit before tax	**522,735**	442,253
Tax at the applicable income tax rate of 15% (2013: 15%)	**78,410**	66,338
Tax effect of expenses not deductible for tax purpose	**298**	785
Under-provision in respect of prior years	**—**	770
Additional tax benefit and refund applicable to the Group *(note)*	**(1,791)**	(2,280)
Effect of different tax rate of a subsidiary	**136**	153
Effect of share of profit of an associate	**(40)**	(47)
Effect of share of profits less losses of joint ventures	**(2,287)**	(1,087)
Utilisation of deductible temporary differences previously not recognised	**(689)**	—
Tax charge for the year	**74,037**	64,632

Note:

Pursuant to the relevant tax rules and regulation, expenses in research nature are deductible at 50% of the cost incurred additionally. The related tax benefit amounted to RMB1,791,000 (2013: RMB2,280,000) for the year ended 31 December 2014.

5. PROFIT BEFORE TAX

	Year ended 31/12/2014	Year ended 31/12/2013
	RMB'000	*RMB'000*
Profit before tax has been arrived at after charging:		
Salaries and other payments and benefits	**145,278**	122,452
Retirement benefits scheme contributions	**20,939**	19,026
Total staff costs (including directors' and supervisors' remuneration)	**166,217**	141,478
Loss on disposal of property, plant and equipment	**1,324**	357
Amortisation of intangible assets (included in cost of sales)	**13,144**	8,410
Depreciation of property, plant and equipment	**250,755**	281,488
Depreciation of investment properties	**2,017**	13,969
Release of prepaid lease payments	**1,383**	1,383
Minimum lease payments under operating leases in respect of rented premises and production facilities	**35,963**	37,941
Cost of inventories recognised as an expense	**4,598,642**	4,896,982
Auditor's remuneration	**3,468**	3,468
and after crediting:		
Sales of scrap materials	**487**	334
Interest income from bank deposits and balances	**97,412**	92,592
Income from renting of investment properties	**5,879**	10,244
Less: direct operating expenses from investment properties that generated rental income during the year	**(1,702)**	(1,803)
Income from renting of moulds and tooling equipment	**19,538**	25,104
Government grant	**664**	25
Net foreign exchange gain	**19,101**	9,987

6. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	Year ended 31/12/2014 *RMB'000*	Year ended 31/12/2013 *RMB'000*
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	**444,549**	371,681

Number of shares

	Year ended 31/12/2014 *'000*	Year ended 31/12/2013 *'000*
Number of shares for the purpose of basic earnings per share	**2,482,268**	2,482,268

There were no potential ordinary shares outstanding in both years presented.

7. DIVIDENDS

	Year ended 31/12/2014 *RMB'000*	Year ended 31/12/2013 *RMB'000*
Dividends recognised as distribution during the year:		
2013 Final, paid — RMB0.13 (2013: 2012 Final, paid — RMB0.10) per share	**322,695**	248,227

A final dividend of RMB397,163,000 or RMB0.16 per share in respect of the year ended 31 December 2014 (2013: final dividend of RMB322,695,000 or RMB0.13 per share in respect of the year ended 31 December 2013) has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

8. TRADE AND OTHER RECEIVABLES

At the end of the reporting period, the aged analysis of trade receivables net of allowance for doubtful debts presented based on invoice date of the Group at the end of the reporting period, which approximated the respective revenue recognition dates is as follows:

	31/12/2014	31/12/2013
	RMB'000	*RMB'000*
Within 3 months	**475,321**	459,059
Between 3 to 6 months	**274,118**	261,816
Between 7 to 12 months	**16,364**	5,209
Between 1 to 2 years	**49,133**	35,517
Over 2 years	**4,598**	11,552
Trade receivables less allowance for doubtful debts	**819,534**	773,153
Other receivables	**9,596**	6,819
Prepayments	**48,405**	44,304
	877,535	824,276

9. BILLS RECEIVABLE

At the end of the reporting period, the aged analysis of bills receivable of the Group is as follows:

	31/12/2014	31/12/2013
	RMB'000	*RMB'000*
Within 1 month	**552,449**	878,650
Between 1 to 2 months	**434,626**	419,595
Between 2 to 3 months	**416,999**	214,663
Between 3 to 6 months	**1,344,586**	1,135,818
	2,748,660	2,648,726

All the above bills receivable are guaranteed by banks and their maturity periods ranged from 30 to 180 days.

10. TRADE, BILLS AND OTHER PAYABLES

At the end of the reporting period, the aged analysis of trade, bills and other payables of the Group is as follows:

	31/12/2014	31/12/2013
	RMB'000	*RMB'000*
Within 3 months	**1,260,883**	1,446,427
Between 3 to 6 months	**650,293**	131,591
Between 7 to 12 months	**2,772**	26,909
Over 12 months	**4,365**	17,439
Trade and bills payables	**1,918,313**	1,622,366
Selling expenses payables	**228,678**	264,780
Value added tax payables	**8,600**	76,532
Other payables	**66,099**	55,482
Advance from customers	**139,526**	116,973
	2,361,216	2,136,133

11. SHARE CAPITAL

	1/1/2013, 31/12/2013 and 31/12/2014
	RMB'000
Registered, issued and fully paid	2,482,268

	Number of shares 1/1/2013, 31/12/2013 and 31/12/2014
	'000
Shares of RMB1 each	
— Domestic shares	1,243,616
— H shares	1,238,652
	2,482,268

Domestic shares are ordinary shares subscribed for and credited as fully paid up in Renminbi by the PRC government and/or entities established in the PRC. H shares are ordinary shares subscribed for in Hong Kong Dollar and credited as fully paid up in Renminbi by persons other than the PRC government and/or entities established in the PRC.

Domestic shares and H shares rank pari passu in all respects with each other. Domestic shares are not freely traded in The Stock Exchange of Hong Kong Limited.

There were no changes in the registered, issued and fully paid share capital of the Company during both years.

2014 RESULTS

For the year ended 31 December 2014, the Company sold 55,388 trucks and vehicles, a decrease of 1.4% over the 56,173 trucks and vehicles sold last year. Revenue was RMB5.80 billion, an increase of 0.3% over RMB5.78 billion as recorded last year. Profit after tax was RMB450 million, an increase of 18.8% over RMB380 million as recorded last year.

REVIEW OF OPERATION

China Economic was entering "new normal". The difficulties of the real economy aggravated, in particular the demand for manufacturing market diminished. The overall sales of commodity cars continued to drop at an increasing rate on a month to month basis as the competition got tough. Facing severe market conditions, the Company was determined based on market-oriented approach to mobilize every positive elements to explore, in full effort, the domestic and overseas markets. By technology innovation and enhancing the fundamental quality of the management and staff through market force, we have achieved a relatively favourable operation results.

1. Adopt a market-oriented approach and spare no effort in exploring the market. 1) Build sales and marketing network in counties and towns with an aim to optimize both quality and quantity to achieve an increase of over 40% of the sales in counties and towns over the corresponding period of the previous year and a balanced layout of provinces, cities and counties is achieved; 2) strengthen marketing and promotion effort at beginning and end of the year through our intensive multi-level, multi-mode and multi-location promotional advertisements and promotion campaigns in order to promote a surge in the sales of commodity cars; 3) lower the price of Light — trucks 100P and further optimize the performance-to-price ratio for securing good results in the competitive product market; 4) secure new orders from big clients such as courier, national power companies and coal mine and car modifying factories.

2. Develop vehicles with broadened specifications to satisfy customer demand. 1) The completion of development, demarcation, testing, and registration for National IV pick-up trucks with 4K horsepower and public announcement was made. This enriched the pick-ups portfolio; 2) the design, trial production, testing, and registration of wide-body 3-seater light-duty trucks was completed and public announcement was made. This increased the variety of our cars; 3) public announcement in respect of the development of 4Z dual fuel petrol/natural gas pick-up trucks was made and this satisfied customers who have concern on environmental protection and cost. In addition, we also develop derived models such as 700P trucks with short wheelbase and transportation vehicle for hazardous and chemical products.

3. Strengthen internal management and enhance the competitiveness of enterprise.1) Focus on the adjustment and upgrading of the quality of management, strengthen the quality control over components produced in-house and outsourced components at various stages from delivery to factory, production to aftersales; 2) establish and operate a production information management system to improve the predictability and accuracy of the product output and enhance the efficiency of management; 3) continue to focus on reviewing, rationalizing, maintaining and protecting the underlying management system, and to continue to improve the equipment and optimize the activities so as to enhance the reliability, convenience and automation of the equipment; 4) formulate and issue the Technological improvements, management progress management approach(《技術改進、管理進步管理辦法》) to form a normal mechanism for encouraging innovation capability among all staff.

4. Continue to focus on the building of our team of experts. Put in-depth effort in promoting training examination and promotion assessment for our staff with in-depth technical knowledge with local universities and technical schools so that the knowledge of the staff of the Company will continue to improve on the track of the Company. At the end of last year, there were about 2000 technical staff who joined the training examination voluntarily, representing about 80% of total operational staff and 1253, 461 and 124 were assessed as intermediate grade workers, senior workers and technicians and senior technicians respectively after training and examination.

5. Achieve significant stage success in projects of heavy-duty trucks and engines of heavy-duty trucks. With the collaboration from both Qingling and Isuzu, following the first heavy-duty trucks engine rolled off the production line at the end of March, the first heavy-duty truck rolled off the production line in mid-April, the first batch of 12 trucks for trial sale were handed over to customers at the end of May and exhibited in Chongqing Auto Fair (重慶汽車展) in June, and a small-batch of 151 trucks were launched to sales in the second half of the year. Our vehicles were ready to take challenge from customers and market and we would follow up the customer responses with prompt remedial action. We have achieved satisfying results in offering all-rounded specification of products subsequently and the building of sales and marketing and services network.

OUTLOOK AND PROSPECTUS

Currently, the development trend of the Chinese economy, the dynamic of market demand and competition for commodity cars, the internal strength and weakness of Qingling, are all undergoing profound changes. An enterprise will be required to based on market as the core value, through review and reform the internal structure and system as well as management, mobilize all positive elements to service the market and support the development of the market. Our focuses in 2015 are as follows:

1. To proactively adapt to the new normal, continue to promote reform and innovation in thoughts, mechanism and technology, breaking new ground by reform and innovation.

2. Place great emphasis in building of our team in order to provide talent for corporate reform and innovation.

3. At the occasion of the 30th anniversary of the Qingling and Isuzu joint venture, further reinforce cooperation with foreign parties and enhance the opening-up to outside to promote the development of the enterprise.

4. Build the innovative "large-scale marketing, large-scale development, large-scale production, large-scale logistics" (大營銷、大開發、大生產、大物流) system to enhance the core competiveness of the enterprise.

Looking ahead, the Company will use every possible means to mobilize all positive elements while focusing on the market to manage actively all the key aspects of its production and operation. We will put every effort to achieve a sound operation with significant growth for the purpose of bringing satisfactory return to our investors.

FINANCIAL RESOURCES AND LIQUID FUNDS SITUATION

Comprehensive Income

For the year ended 31 December 2014, the revenue of the Group was RMB5,800,078,000, representing an increase of 0.3% as compared to last year, which was an insignificant change. Gross profit for the period was RMB873,876,000, representing a decrease of 0.4% as compared to last year. Gross profit margin of the Group for the period was 15.1% as compared with 15.2% last year. Net profit of the Group was RMB448,698,000, representing an increase of 18.8% as compared to last year.

For the year ended 31 December 2014, other income mainly included bank interest income and rental service income, totaling RMB124,177,000, representing a decrease of 2.5% as compared to last year, and this was mainly due to a decrease in rental income for the year.

For the year ended 31 December 2014, the total distribution cost of the Group, mainly including transportation costs, maintenance fees and other market promotion expenses, were RMB310,424,000, representing a decrease of 19.2% as compared to last year, and this was mainly due to a decrease in market promotion expenses.

For the year ended 31 December 2014, the total general and administrative expenses of the Group, mainly including staff's salaries and allowance, insurance premium, maintenance fees and other administrative expenses, were RMB174,301,000, representing an increase of 5.4% as compared to last year, principally due to an increase in staff's salaries and allowance for the year.

For the year ended 31 December 2014, the total research expenses of the Group were RMB23,886,000, representing a decrease of 21.4% as compared to last year, and this was mainly due to a decrease in the input of research for new products during the year.

For the year ended 31 December 2014, the share of profits of joint ventures less losses of joint ventures to the Group was RMB15,247,000, representing an increase of 110.3% as compared to last year, and this was mainly attributable to an increase in profits of joint ventures during the year.

For the year ended 31 December 2014, basic earnings per share and fully diluted earnings per share were RMB0.18, representing an increase of 20% as compared to last year. The Company did not issue any new shares and the increase of earnings per share was resulted from the increase in net profit.

Financial Position

As at 31 December 2014, the total assets and total liabilities of the Group were RMB10,180,560,000 and RMB2,392,488,000 respectively.

The non-current assets were RMB1,583,997,000, mainly including property, plant and equipment, prepaid lease payments, investment properties, intangible assets and interests in joint ventures.

The total current assets amounted to RMB8,596,563,000, mainly including RMB1,037,487,000 of inventories, RMB877,535,000 of trade and other receivables and RMB2,748,660,000 of bills receivables, RMB2,797,786,000 of fixed deposit with maturity over 3 months and RMB1,133,712,000 of cash and cash equivalents. Trade and other receivables included RMB763,960,000 due from related parties and RMB113,575,000 due from non-related parties.

The total current liabilities amounted to RMB2,392,488,000, mainly including RMB2,361,216,000 of total trade, bills and other payables and RMB31,272,000 of total tax liabilities.

Net current assets increased from RMB5,937,943,000 as at 31 December 2013 to RMB6,204,075,000 as at 31 December 2014 with no significant change recorded.

Liquidity and Capital Structure

For the year ended 31 December 2014, net cash from operating activities of the Group was RMB381,120,000. As at 31 December 2014, the cash and cash equivalents retained by the Group were RMB1,133,712,000, representing a decrease of RMB73,053,000 as compared to the balances reported on 31 December 2013, which was primarily due to the distribution of dividends. The Group's working capital requirement was financed by its own cash flow.

Gearing ratio represented the percentage of total liabilities over total equity as per condensed consolidated statement of financial position. The gearing ratio of the Group as at 31 December 2014 was 30.7% (as at 31 December 2013: 28.2%).

Issued share capital as at 31 December 2014 maintained at the level of RMB2,482,268,000 as no share was issued during this year.

For the year ended 31 December 2014, there was no material change in the financing strategies of the Group and the Group did not incur any bank borrowings nor any non-current liabilities. The Company would closely monitor the financial and liquidity position of the Group and financial market from time to time in order to formulate financing strategies appropriate to the Group.

The total equity attributable to owners of equity interests as at 31 December 2014 was RMB7,491,692,000. The net assets per share as at 31 December 2014 was RMB3.02.

Significant Investment

As at 31 December 2014, the Group's investment in joint ventures was RMB414,581,000 and investment in an associate was RMB6,566,000 which mainly included the investment in 慶鈴五十鈴（重慶）發動機有限公司 ("Qingling Isuzu Engine"), a joint venture, of RMB403,158,000.

For the year ended 31 December 2014, the joint ventures and an associate of the Group were under normal operation. Qingling Isuzu Engine and 慶鈴五十鈴（重慶）汽車銷售服務有限公司 respectively recorded an increase in revenue which was driven by the increase in sales turnover.

For the year ended 31 December 2014, there were no significant acquisition and disposal of the Group.

Segment Information

The revenue contributed by light-duty trucks and pick-up trucks was RMB4,044,605,000, representing 69.7% of the total revenue; the segment result attributable to these trucks was RMB332,049,000, representing 74.1% of the total segment results and they are currently the major products accounting for the highest contribution of the major products to the Company's revenue.

The revenue contributed by medium trucks and heavy-duty trucks was RMB1,310,985,000, representing 22.6% of the total revenue. The segment result attributable to medium trucks and heavy-duty trucks was RMB112,157,000, accounting for 25.0% of the total segment results.

The company planned to enlarge the share of sales revenue and segment result attributable to medium and heavy-duty trucks to 30% to establish a strategic operation layout with equal emphasis on the light-duty, medium and heavy-duty trucks.

Pledge of Assets

For the year ended 31 December 2014, no asset of the Group was pledged for financial facilities (for the year ended 31 December 2013: Nil).

Effects of Foreign Exchange Rate Changes

As at 31 December 2014, the Group had bank balances and receivables of foreign currency including HK dollars in aggregate of RMB45,838,000 and foreign currency payables and other payables in aggregate of RMB107,387,000.

The major foreign currency transactions of the Group were the purchasing business of automobile parts denominated in Japanese Yen. During the year, the other gains of the Group increased substantially as a result of the depreciation of Japanese Yen. The Group did not encounter any difficulty or suffer any significant impact in its operations or liquidity as a result of the fluctuation of the exchange rate.

Commitments

As at 31 December 2014, the Group had capital commitments of RMB3,114,000 that had been contracted for but not provided in the consolidated financial statements and RMB14,334,000 that had been approved by the Board but not contracted for, mainly including the heavy-duty truck projects that had been approved by the Board but not completely invested in. The Group expects to finance the above capital requirement by its own cash flows.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of RMB0.16 per share (the "2014 final dividend") (2013: RMB0.13 per share) in respect of the year ended 31 December 2014 to those shareholders whose names appear on the Company's register of shareholders on 10 June 2015. Subject to the approval at the annual general meeting of the Company to be held on 28 May 2015, the 2014 final dividend will be payable on or before 26 June 2015.

According to the regulations of the Enterprise Income Tax Law of the People's Republic of China, Implementation Regulations on Enterprise Income Tax Law of the People's Republic of China and the Notice of Withholding and Payment of Enterprise Income Tax Regarding China Resident Enterprise Paying Dividend to Non-Resident Enterprise Holders of Overseas H Shares issued by China's State Administration of Taxation (Guo Shui Han [2008] No. 897 on 6 November 2008), any China resident enterprise which pays dividend to non-resident enterprise holders of overseas H shares for the year of 2008 and subsequent years shall withhold and pay enterprise income tax at a unified tax rate of 10%.

As stated above, in respect of any non-resident enterprise holders of H Shares (including HKSCC Nominees Limited, other custodians, corporate nominees and trustees such as securities companies and banks, and other entities or organizations) whose names appear on the Company's register of shareholders on the Record Date of Dividend, the Company will pay the 2014 final dividend payable to such shareholders after deducting all enterprise income tax payable from the 2014 final dividend.

In respect of any individual holders of H shares whose names appear on the Company's register of shareholders on the Record Date of Dividend, the Company will not deduct the enterprise income tax from the 2014 final dividend which such shareholders have right to receive.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at New Conference Hall, 1st Floor of the Company's Office Building, 1 Xiexing Cun, Zhongliangshan, Jiulongpo District, Chongqing, the People's Republic of China on Thursday, 28 May 2015 at 10:00 a.m. (the "AGM").

CLOSURE OF REGISTER OF SHAREHOLDERS

To ascertain the shareholders' entitlement to attend and vote at the AGM, the register of shareholders of the Company will be closed from Tuesday, 28 April 2015 to Thursday, 28 May 2015 (both dates inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all duly completed transfer forms relating to H shares accompanied by the relevant share certificates must be lodged with the Company's H Share Registrars, Hong Kong Registrars Limited, at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Monday, 27 April 2015.

Subject to the approval of the shareholders at the AGM, the proposal final dividend will be payable to the shareholders whose names appear on the register of shareholders on Wednesday, 10 June 2015. To ascertain the shareholders' entitlement to the proposed final dividend, the register of shareholders of the Company will be closed from Wednesday, 3 June 2015 to Wednesday, 10 June 2015 (both dates inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all duly completed transfer forms relating to H shares accompanied by the relevant share certificates must be lodged with the Company's H Share Registrars, Hong Kong Registrars Limited, at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Tuesday, 2 June 2015.

PREFERENTIAL TREATMENTS FOR CONSOLIDATED INCOME TAX AND LOCAL TAX

According to the Notice of the Enterprise Income Tax for Implementation of Exploration and Development of Western Region (Guo Shui [2012] No. 12), a company located in the western region of the PRC and engaged in the business included in the Catalogue of Industries Encouraged to Develop in the Western Region is entitled to apply to the tax authority for the preferential EIT rate of 15% if the certain conditions set out in the notice are satisfied. The Company and Qingling Moulds a subsidiary of the Group have applied and obtained the approval from the tax authority in respect of the application of the preferential EIT rate in 2012, and filed on record of the tax authority in 2013. In the opinion of the directors, the Company and Qingling Moulds are able to satisfy the conditions set out in the notice and therefore continue to apply the preferential EIT rate of 15% in 2014.

DESIGNATED DEPOSITS

As at 31 December 2014, the Group did not hold any designated deposit or any time deposits that were overdue but could not be collected upon maturity.

EMPLOYEES

As at 31 December 2014, the Group has 2,884 employees (2013: 2,508 employees). For the year ended 31 December 2014, labor cost was RMB166,217,000 (2013: RMB141,478,000). For the year ended 31 December 2014, there are no major changes in the remuneration policy of employees. The Group actively provides various training to its staff of all levels.

DISPOSAL OF STAFF QUARTERS

For the year ended 31 December 2014, the Group has not sold any of its staff quarters to its employees.

STRUCTURE OF SHAREHOLDING

(1) As at 31 December 2014, the entire share capital of the Company comprised 2,482,268,268 shares, including:

	Number of shares	**Percentage of total number of issued shares**
Domestic shares	1,243,616,403 shares	about 50.10%
Foreign shares (H shares)	1,238,651,865 shares	about 49.90%

(2) Substantial shareholders

As at 31 December 2014, shareholders other than director, supervisor and chief executive of the Company having an interest and short positions in 5% or more of the relevant class of the issued share capital of the Company as recorded in the register of interests in shares and short positions required to be kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance (the "SFO") were as follows:

Long positions in the shares of the Company:

Name of shareholder	Class of shares	Number of shares held	Capacity	Percentage of the relevant class of share capital	Percentage of entire share capital
Qingling Motors (Group) Company Limited	Domestic shares	1,243,616,403 shares	Beneficial Owner	100.00%	50.10%
Isuzu Motors Ltd.	H shares	496,453,654 shares	Beneficial Owner	40.08%	20.00%
Allianz SE	H shares	102,122,000 shares *(Note)*	Interest of controlled corporation	8.24%	4.11%

Note:

The following is a breakdown of the interests in shares of the Company held by Allianz SE:

Name of controlled corporation	Name of controlling shareholder	Percentage of control	Total interest in shares	
			Direct interest	Indirect interest
Allianz Asset Management AG	Allianz SE	100%	—	102,122,000
Allianz Global Investors GmbH	Allianz Asset Management AG	100%	—	101,600,000
RCM Asia Pacific Ltd.	Allianz Global Investors GmbH	100%	98,240,000	—
Allianz Global Investors Taiwan Ltd.	Allianz Global Investors GmbH	100%	3,360,000	—
Allianz Asset Management of America Holdings Inc.	Allianz Asset Management AG	100%	—	522,000
Allianz Asset Management of America L.P.	Allianz Asset Management of America Holdings Inc.	100%	—	522,000
Allianz Global Investors U.S. Holdings LLC	Allianz Asset Management of America L.P.	100%	—	522,000
Allianz Global Investors Fund Management LLC	Allianz Global Investors U.S. Holdings LLC	100%	522,000	—

Save as disclosed above, the register required to be kept under section 336 of the SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 31 December 2014.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 December 2014, none of the directors, supervisors and chief executives of the Company has any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (as defined under the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"). For the year ended 31 December 2014, none of directors, supervisors and chief executives of the Company, or their spouse or children under 18 had any rights to subscribe for equity or debt securities of the Company, nor has any of them exercised such rights.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There were no purchase, sale, redemption or cancellation of the Company's listed securities by the Company and its subsidiaries during the year ended 31 December 2014.

CORPORATE GOVERNANCE

The Company attaches great importance to and endeavors to maintain high standards of corporate governance. The Board believes that good corporate governance practices are of paramount importance to enhancing investors' confidence and protecting shareholders' interest. The Company pays much attention to its employees, discipline codes, policies and rules, and have taken all these as the basis of corporate governance practices. The Board has adopted sound governance and disclosure practices, and is committed to continuously improve those practices and cultivate an ethical corporate structure.

During the year ended 31 December 2014, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules without deviation.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the directors and supervisors. Having made specific enquiry of all directors and supervisors, the Company confirmed all directors and supervisors have complied with the required standard set out in the Model Code during the year ended 31 December 2014.

REVIEW OF ACCOUNTS

The audit committee of the Company has reviewed, with the management and auditor of the Company, the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the audited consolidated financial statements for the year ended 31 December 2014 and the 2014 annual results.

By Order of the Board
Qingling Motors Co. Ltd
TUNG Tat Chiu Michael
Company Secretary

Chongqing, the PRC, 20 March 2015

As at the date of this announcement, the Board comprises 9 Directors, of which Mr. DU Weidong, Mr. GAO Jianmin, Mr. Makoto TANAKA, Mr. Masashi HARADA and Mr. ZENG Jianjiang are executive Directors and Mr. LONG Tao, Mr. SONG Xiaojiang, Mr. XU Bingjin and Mr. LIU Tianni are independent non-executive Directors.