慶鈴汽車股份有限公司

QINGLING MOTORS CO. LTD.

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

(Stock Code: 1122)

Announcement of 2015 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 2015, which has 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 2015

	NOTES	**Year ended 31 December 2015** *RMB'000*	Year ended 31 December 2014 *RMB'000*
Revenue	*2, 3*	**5,504,296**	5,800,078
Cost of sales		**(4,476,437)**	(4,926,202)
Gross profit		**1,027,859**	873,876
Other income		**157,734**	124,177
Other gains and losses		**(6,186)**	17,777
Distribution and selling expenses		**(374,248)**	(310,424)
Administrative expenses		**(215,831)**	(174,301)
Research expenses		**(36,414)**	(23,886)
Share of profit of an associate		**278**	269
Share of results of joint ventures		**12,257**	15,247
Profit before tax	*5*	**565,449**	522,735
Income tax expense	*4*	**(80,310)**	(74,037)
Profit and total comprehensive income for the year		**485,139**	448,698
Profit for the year and total comprehensive income for the year attributable to:			
Owners of the Company		**479,887**	444,549
Non-controlling interests		**5,252**	4,149
		485,139	448,698
Basic earnings per share	*6*	**RMB0.19**	RMB0.18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	NOTES	At 31 December 2015 RMB'000	At 31 December 2014 RMB'000
Non-current assets			
Property, plant and equipment		**749,086**	919,792
Prepaid lease payments		**40,795**	42,043
Investment properties		**34,917**	38,318
Intangible assets		**137,030**	150,465
Interest in an associate		**6,844**	6,566
Interests in joint ventures		**470,860**	414,581
Bank deposits with original maturity more than three months		**376,308**	—
Deferred tax assets		**13,744**	12,232
		1,829,584	1,583,997
Current assets			
Inventories		**766,102**	1,037,487
Trade and other receivables and prepayments	8	**872,992**	877,535
Bills receivable	9	**2,060,348**	2,748,660
Prepaid lease payments		**1,413**	1,383
Bank deposits with original maturity more than three months		**2,416,985**	2,797,786
Restricted bank balances	10	**79,999**	—
Bank balances and cash		**2,182,750**	1,133,712
		8,380,589	8,596,563
Current liabilities			
Trade, bills and other payables	11	**2,317,771**	2,361,216
Tax liabilities		**19,614**	31,272
		2,337,385	2,392,488
Net current assets		**6,043,204**	6,204,075
Total assets less current liabilities		**7,872,788**	7,788,072
Capital and reserves			
Share capital	12	**2,482,268**	2,482,268
Share premium and reserves		**5,092,148**	5,009,424
Equity attributable to owners of the Company		**7,574,416**	7,491,692
Non-controlling interests		**298,372**	296,380
Total equity		**7,872,788**	7,788,072

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 issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in the 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[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture-Bearer Plants[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

[2] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

HKFRS 15 Revenue from Contracts with Customers

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 the 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 December 2015	Year ended 31 December 2014
	RMB'000	*RMB'000*
Sales of trucks and vehicles	**5,257,493**	5,384,949
Sales of automobile parts and accessories	**246,803**	415,129
	5,504,296	5,800,078

3. SEGMENT INFORMATION

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:

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 2015

	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	2,874,341	32,746	1,344,418	1,005,988	246,803	5,504,296
Result						
Segment profit	282,579	4,048	145,211	29,999	36,135	497,972
Central administration costs						(96,606)
Interest income						102,928
Other income						54,806
Other gains and losses, net						(6,186)
Share of profit of an associate						278
Share of results of joint ventures						12,257
Group's profit before tax						565,449

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
Results						
Segment profit	210,505	1,433	121,544	112,157	2,222	447,861
Central administration costs						(82,596)
Interest income						97,412
Other income						26,765
Other gains and losses, net						17,777
Share of profit of an associate						269
Share of results of joint ventures						15,247
Group's profit before tax						522,735

There have been no inter-segment sales during the year ended 31 December 2015 (2014: Nil).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned from each segment without allocation of central administration costs, interest income, other income, other net gains and losses, share of profit of an associate and share of results of joint ventures. This is the measure reported to the chief operating decision makers for the purposes of resources allocation and performance assessment.

(ii) Segment assets and liabilities

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

At 31 December 2015

	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	**1,844,338**	**435,330**	**324,924**	**911,923**	**553,980**	**4,070,495**
Interchangeably used assets between segments						
— property, plant and equipment						**190,865**
— prepaid lease payments						**42,208**
— inventories						**157,382**
Investment properties						**34,917**
Interest in an associate						**6,844**
Interests in joint ventures						**470,860**
Restricted bank balances, bank deposits and bank balances						**5,056,042**
Other unallocated assets						**180,560**
Consolidated total assets						**10,210,173**
Liabilities						
Segment liabilities	**305,768**	**3,291**	**148,651**	**81,390**	**—**	**539,100**
Unallocated trade, bills and other payables						**1,778,671**
Other unallocated liabilities						**19,614**
Consolidated total liabilities						**2,337,385**

At 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*
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

For the purposes of monitoring segment performances and allocating resources between segments:

- All assets are allocated to operating segments other than interchangeably used assets between segments, investment properties, interest in an associate, interests in joint ventures, restricted bank balances, bank deposits and bank balances and other unallocated assets held by the head office; and

- All liabilities are allocated to operating segments other than unallocated trade, bills and other payables and other unallocated liabilities of the head office.

(iii) Other segment information

For the year ended 31 December 2015

	Light-duty trucks	**Multi-purposes vehicles**	**Pick-up trucks**	**Medium and heavy-duty trucks**	**Automobile parts and accessories**	**Unallocated**	**Consolidated**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
OTHER INFORMATION							
Amount included in the measure of segment profit or loss or segment assets:							
Additions to property, plant and equipment	**2,997**	**45**	**2,138**	**16,295**	**—**	**11,773**	**33,248**
Additions to prepaid lease payments	**—**	**—**	**—**	**—**	**—**	**193**	**193**
Amortisation of intangible assets	**—**	**—**	**—**	**10,325**	**—**	**3,110**	**13,435**
Depreciation of property, plant and equipment	**51,194**	**620**	**29,148**	**102,989**	**2,676**	**14,944**	**201,571**
Depreciation of investment properties	**—**	**—**	**—**	**—**	**—**	**2,209**	**2,209**
Release of prepaid lease payments	**—**	**—**	**—**	**—**	**—**	**1,411**	**1,411**

For the year ended 31 December 2014

	Light-duty trucks	Multi-purposes vehicles	Pick-up trucks	Medium and heavy-duty trucks	Automobile parts and accessories	Unallocated	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
OTHER INFORMATION							
Amount included in the measure of segment profit or loss or segment assets:							
Additions to property, plant and equipment	3,426	—	259	20,420	—	3,575	27,680
Additions to investment properties	—	—	—	—	—	1,313	1,313
Additions to intangible assets	—	—	—	119,968	—	—	119,968
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

(iv) Geographical information

Non-current assets (excluding bank deposits and deferred tax assets) of the Group amounting to RMB1,439,532,000 (2014: RMB1,571,765,000) 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 0.33% (2014: 0.39%) of the Group's revenue.

All of the carrying amount of segment assets and additions to property, plant and equipment, prepaid lease payments, investment properties and intangible assets are located in the PRC for both years presented.

(v) Information about major customers

No revenue from a single external customer other than Qingling Group and its subsidiaries and Qingling Isuzu (Chongqing) Engine Co., Ltd. ("**Qingling Isuzu Engine**") contributed 10% or more of the Group's revenue. For the year ended 31 December 2015, revenue from Qingling Group and its subsidiaries amounted to RMB1,643,508,000 (2014: RMB1,830,443,000) and revenue from Qingling Isuzu Engine amounted to RMB890,576,000 (2014: RMB734,011,000).

4. INCOME TAX EXPENSE

	Year ended 31 December 2015 *RMB'000*	Year ended 31 December 2014 *RMB'000*
Current tax charge	**81,822**	83,970
Deferred tax charge	**(1,512)**	(9,933)
	80,310	74,037

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 enterprise income tax ("**EIT**") rate of 15% if the 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 Company, 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 and 2014. In the opinion of the directors of the Company, 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 2015.

重慶慶鈴技術中心, a subsidiary of the Company, is subject to EIT rate of 25% (2014: 25%) for the year ended 31 December 2015.

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

	Year ended 31 December 2015 *RMB'000*	Year ended 31 December 2014 *RMB'000*
Profit before tax	**565,449**	522,735
Tax at the applicable income tax rate of 15% (2014: 15%)	**84,817**	78,410
Tax effect of expenses not deductible for tax purpose	**35**	298
Additional tax benefit applicable to the Group *(note)*	**(2,731)**	(1,791)
Effect of different tax rate of a subsidiary	**69**	136
Effect of share of profit of an associate	**(42)**	(40)
Effect of share of results of joint ventures	**(1,838)**	(2,287)
Utilisation of deductible temporary differences previously not recognised	**—**	(689)
Tax charge for the year	**80,310**	74,037

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 is amounted to RMB2,731,000 (2014: RMB1,791,000) for the year ended 31 December 2015.

5. PROFIT BEFORE TAX

	Year ended 31 December 2015 *RMB'000*	Year ended 31 December 2014 *RMB'000*
Profit before tax has been arrived at after charging:		
Salaries and other payments and benefits	**176,585**	145,278
Retirement benefits scheme contributions	**31,329**	20,939
Total staff costs (including directors' and supervisors' remuneration)	**207,914**	166,217
Loss on disposal of property, plant and equipment	**1,990**	1,324
Amortisation of intangible assets (included in cost of sales)	**13,435**	13,144
Depreciation of property, plant and equipment	**201,571**	250,755
Depreciation of investment properties	**2,209**	2,017
Release of prepaid lease payments	**1,411**	1,383
Minimum lease payments under operating leases in respect of rented premises and production facilities	**40,668**	35,963
Cost of inventories recognised as an expense	**4,476,437**	4,926,202
Auditor's remuneration	**3,468**	3,468
Write-down of inventories	**34,146**	77,717
Net foreign exchange loss	**4,196**	—
and after crediting:		
Sales of scrap materials	**1,156**	487
Interest income from bank deposits and balances	**102,928**	97,412
Income from renting of investment properties	**6,269**	5,879
Less: direct operating expenses from investment properties that generated from rental income during the year	**(1,913)**	(1,803)
Income from renting of moulds and tooling equipment	**39,077**	39,077
Government grant	**2,803**	664
Net foreign exchange gain	**—**	19,101

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 December 2015 *RMB'000*	Year ended 31 December 2014 *RMB'000*
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	**479,887**	444,549

Number of shares

	Year ended 31 December 2015 *'000*	Year ended 31 December 2014 *'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 December 2015 *RMB'000*	Year ended 31 December 2014 *RMB'000*
Dividends recognised as distribution during the year:		
2014 Final, paid — RMB0.16 (2014: 2013 Final, paid — RMB0.13) per share	**397,163**	322,695

Subsequent to the end of the reporting period, a final dividend of RMB397,163,000 or RMB0.16 per share in respect of the year ended 31 December 2015 (2014: final dividend of RMB397,163,000 or RMB0.16 per share in respect of the year ended 31 December 2014) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

At the end of reporting period, the Group's trade and other receivables and prepayments are as follows:

	At 31 December 2015	At 31 December 2014
	RMB'000	*RMB'000*
Trade receivables, less allowance for doubtful debts	**821,649**	819,534
Other receivables	**12,096**	9,596
Prepayments	**39,247**	48,405
	872,992	877,535

Before accepting any new external customers, the Group uses an external credit scoring system to assess the potential customer's credit quality and assign credit limits thereto. Limits and scoring attributed to customers are reviewed twice a year. 99% (2014: 99%) of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit scoring system used by the Group.

The average credit period granted on sales of goods is from 3 to 6 months.

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

	At 31 December 2015	At 31 December 2014
	RMB'000	*RMB'000*
Within 3 months	**610,156**	475,321
Between 3 to 6 months	**153,379**	274,118
Between 7 to 12 months	**5,020**	16,364
Between 1 to 2 years	**10,073**	49,133
Over 2 years	**43,021**	4,598
	821,649	819,534

9. BILLS RECEIVABLE

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

	At 31 December 2015	At 31 December 2014
	RMB'000	*RMB'000*
Within 1 month	**646,923**	552,449
Between 1 to 2 months	**359,705**	434,626
Between 2 to 3 months	**275,054**	416,999
Between 3 to 6 months	**778,666**	1,344,586
	2,060,348	2,748,660

All the above bills receivable are guaranteed by banks and their maturity dates are within 6 months.

10. RESTRICTED BANK BALANCES

The balances have been frozen since 16 August 2015 according to the civil ruling issued by People's Court of Futian District, Shenzhen, Guangdong Province (the "Futian Court") in relation to a dispute in respect of a financial credit agreement entered into between the Company's customer (the "Customer", who is independent to the Company) and another bank (the "Bank").

On 29 September 2015, the Company formally received a summon sent by the Court on 25 September 2015, and pursuant to which the Bank, as the plaintiff, has initiated legal proceedings against six defendants including the Customer and the Company (the "Litigation") in the Futian Court.

In the Litigation, the Bank alleged that the Customer has failed to meet the margin calls according to the requirements under a credit agreement, constituting an event of default of such agreement. The Bank is also entitled to demand the Customer to prematurely repay all the amount granted under the relevant credit facilities. The Bank further alleged that the Company did not, as instructed by the Bank, deliver the vehicles that had not been picked up but paid by the Customer in full with loan to the warehouse as specified by the Bank, leading to a breach of the relevant credit agreement, and should be jointly and severally liable to compensate for the losses it suffered. The Bank stated that the outstanding credit balances due from the Customer was RMB38,021,000 in aggregate.

In March 2016, Shenzhen Intermediate People's Court (the "Shenzhen Court") made a final ruling that the Litigation is under the jurisdiction of the Shenzhen Court. The two courts are proceeding the transfer of the Litigation which have not yet been formally heard.

The Company reviewed all the relevant documents and agreements in relation to the Litigation and based on the opinion of its PRC legal adviser, the directors of the Company are of the view that the alleged liability in the litigation document is lack of factual and legal evidence and therefore the Company shall not be liable. Accordingly, no provision for these bank balances has been made in the consolidated financial statements.

11. TRADE, BILLS AND OTHER PAYABLES

At the end of the reporting period, the Group's trade, bills and other payables are as follows:

	At 31 December 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Trade and bills payables	**1,670,646**	1,918,313
Selling expenses payables	**242,977**	228,678
Value added tax payables	**24,582**	8,600
Other payables	**90,047**	66,099
Advance from customers	**289,519**	139,526
	2,317,771	2,361,216

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

	At 31 December 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Within 3 months	**1,501,369**	1,260,883
Between 3 to 6 months	**155,571**	650,293
Between 7 to 12 months	**7,496**	2,772
Over 12 months	**6,210**	4,365
	1,670,646	1,918,313

12. SHARE CAPITAL

	At 1 January 2014, 31 December 2014 and 31 December 2015 *RMB'000*
Registered, issued and fully paid	2,482,268

	Number of shares At 1 January 2014, 31 December 2014 and 31 December 2015 *'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.

2015 RESULTS

For the year ended 31 December 2015, the Company sold 57,744 trucks and vehicles, an increase of 4.3% over the 55,388 trucks and vehicles sold last year. Revenue was RMB5.50 billion, a decrease of 5.1% over RMB5.80 billion as recorded last year. Profit after tax was RMB485 million, an increase of 8.1% over RMB449 million as recorded last year.

REVIEW OF OPERATION

Affected by the slowdown in macroeconomic demands, the changes in the mode of development, the enhancement in industry structures, the drop in demographic dividend and the tightening of environmental constraints; the growth of the Chinese economy slowed down and the sales of commercial vehicles continued to decline. Following its market oriented strategy, the Company strived to expand the market and achieved relatively good results through market oriented technology innovation, and the enhancement of the quality of the basic management and the quality of the staff.

1. Building the innovative "large-scale marketing, large-scale development, large scale production, large scale logistics" systems

1.1 Achieve growth in the sales of finished vehicle amid adverse market trend through building the innovative large-scale marketing system, and continuously intensify its basic management in sales and marketing and enhance its competitiveness in sales and marketing.

1) introduce commercial plans and marketing operation standards that complies with market development needs on a timely basis; 2) through in-depth research in the region market environment, characteristics of product and users, so as to commence the building of sales and marketing network with the aim to lay a strong basis in marketing management and enhance the quality of marketing network. To expand the market with customers as the core, grasping the emerging opportunities in the changing market with the aim to develop new customers from emerging industries such as large-scale electronic commerce operators, and continue to consolidate and strengthen the cooperative partnership with clients from traditional industries and major clients; 3) step up the efforts in promoting the corporate products and image in order to enhance the awareness and goodwill of the Qingling products.

1.2 Building the innovative large-scale development system

1) develop vehicles with expanded specifications and enhanced configurations to satisfy customer demand, and complete the development of the improvement of the I-type pick-up trucks and commence production; 2) develop city logistics vehicles used mainly for carrying goods in order to resolve the issue of the last km in city logistics; Thirdly, complete the development of new products such as 600P wide-body, 600P/700P disc-brake, 100P stack trucks, chassis of F fire trucks and the chassis of various model of vehicles for transporting hazardous products.

1.3 Building the innovative large-scale production system

1) optimize the production organization structure and implement the integration of various resources. Implement the integration of interior decoration with overall installment, and primary pressing vehicles with secondary pressing vehicles in sequential order, and optimize the production organization and allocation of manpower. 2) promote the improvement in craftsmanship and gradually transform the mode of production from traditional to "intelligent" method.

1.4 Building the innovative large-scale logistics system

1) implement standardized management in accordance with the principle of "easy-to-use, quality-guaranteed, optimized space usage"; 2) improve the equipment and packaging used for logistics in order to enhance the quality assurance of the logistics segment.

2. Strengthen internal control and increase corporate competitiveness

1) focus on the consolidation and reform of quality management, conscientiously implement the compliment of quality-related issues, dig out the core reason and carry out reforms, and implement quality control throughout the process; 2) strengthen the supporting systems and enhance its capability; 3) reduce the production costs, optimize the process for purchase management and reduce the purchasing costs, refine the management system in investment, tendering, budgeting and in the usage of significant sum of funds in order to achieve financial cost management; 4) actively promote informatization construction, consolidate the foundation for management and enhance the efficiency in management.

3. Further reinforce the cooperation with foreign parties and enhance the level of cooperation with foreign sectors

The concerted efforts of both the Chinese and Japanese sides consolidated the foundation for VC46 heavy-duty trucks and further optimized its specification and configuration. The development for VC46 stake trucks, 6x2 dual front axles vehicles, reinforced chassis, chassis for vehicles transporting hazardous products, chassis for fire trucks has been completed. Meanwhile, the development and introduction of the new Isuzu heavy-duty trucks have commenced in order to speed up its launching into the market.

OUTLOOK AND PROSPECTUS

At this moment, the development trend of the Chinese economy, the dynamic of market demand and competition for commercial vehicles, the inherent advantages and weakness of Qingling, are all undergoing profound changes. All these require an enterprise to place emphasis on the market, review and reform its internal structure and system as well as management, mobilize all positive elements to secure the market and support the development of the market. Our focuses in 2016 are as follows:

1. Establish the operating philosophy of "Casting a classic, Leading the value"; with the market as its focus, enhance the corporates' overall competitiveness through strengthening its execution ability, continuously consolidating the four major systems, implementing enhanced, improved and pragmatic marketing and development strategies, and engaging in concise, precise and optimized production and logistics.

2. Further improve and enhance the standard of management, strengthen the management in costs, quality and purchase, and manage the enterprise in accordance with laws and regulations.

3. Continue to place great emphasis in team building and standardize the training and management of our staff in order to enhance staff quality.

4. Enhance the general ranking in fuel consumption and emissions to National V, and plan in advance to reach National VI.

Looking ahead of the year 2016, the Company will make persistent efforts to take the bull by its horns and will be able to overcome all difficulties and bring satisfactory returns to our investors.

FINANCIAL RESOURCES AND LIQUID FUNDS SITUATION

Financial Performance

For the year ended 31 December 2015, the revenue of the Group was RMB5,504,296,000, representing a decrease of 5.1% as compared to last year, which is mainly caused by the reduction of the scale of spare parts business during this year.

Gross profit for the period was RMB1,027,859,000, representing an increase of 17.6% as compared to last year. Gross profit margin of the Group for the period was 18.7% as compared with 15.1% last year. Net profit of the Group was RMB485,139,000, representing an increase of 8.1% as compared to last year.

For the year ended 31 December 2015, other income mainly included bank interest income and rental income, totalling RMB157,734,000, representing an increase of 27.0% as compared to last year, and this was mainly due to an increase of the bank deposits and balances.

For the year ended 31 December 2015, the distribution cost of the Group, mainly including transportation costs, maintenance fees and other market promotion expenses, were RMB374,248,000, representing an increase of 20.6% as compared to last year, and this was mainly due to an increase in market promotion expenses.

For the year ended 31 December 2015, the total administrative expenses of the Group, mainly including staff's salaries and allowance, insurance premium, maintenance fees and other administrative expenses, were RMB215,831,000, representing an increase of 23.8% 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 2015, the total research expenses of the Group were RMB36,414,000, representing an increase of 52.4% as compared to last year, and this was mainly due to an increase in the input of research for new products during the year.

For the year ended 31 December 2015, the share of results of joint ventures of the Group was RMB12,257,000, representing a decrease of 19.6% as compared to last year, and this was mainly attributable to the provision of staff welfare fund of joint ventures during the year.

For the year ended 31 December 2015, basic earnings per share was RMB0.19, representing an increase of 5.6% as compared to last year. The Company did not issue any new shares and the increase of basic earnings per share was resulted from the increase in net profit for the year.

Financial Position

As at 31 December 2015, the total assets and total liabilities of the Group were RMB10,210,173,000 and RMB2,337,385,000 respectively.

As at 31 December 2015, the Group's non-current assets amounted to RMB1,829,584,000 which mainly includes property, plant and equipment, prepaid lease payments, investment properties, intangible assets, interests in an associate and joint ventures and bank deposits with original maturity more than three months.

As at 31 December 2015, the Group's current assets amounted to RMB8,380,589,000 which mainly includes inventories of RMB766,102,000, trade and other receivables and prepayments of RMB872,992,000, bills receivables of RMB2,060,348,000, bank deposits with original maturity more than three months of RMB2,416,985,000, restricted bank balances of RMB79,999,000 and bank balances and cash of RMB2,182,750,000.

As at 31 December 2015, the Group's current liabilities amounted to RMB2,337,385,000 which mainly includes trade, bills and other payables of RMB2,317,771,000 and tax liabilities of RMB19,614,000.

As at 31 December 2015, the Group's net current assets was RMB6,043,204,000 (2014: RMB6,204,075,000) remained stable from last year.

Liquidity and Capital Structure

For the year ended 31 December 2015, net cash generated from operating activities of the Group was RMB1,482,518,000. As at 31 December 2015, the cash and cash equivalents retained by the Group were RMB2,182,750,000 representing an increase of RMB1,049,038,000 as compared to the balances reported on 31 December 2014, which was primarily due to the decrease of purchases of inventories and decrease in bills receivable during this year.

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 consolidated statement of financial position. The gearing ratio of the Group as at 31 December 2015 was 29.7% (as at 31 December 2014: 30.7%).

Issued share capital as at 31 December 2015 maintained at the level of RMB2,482,268,000 as no share was issued during this year.

For the year ended 31 December 2015, 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 2015 was RMB7,574,416,000. The net assets value per share as at 31 December 2015 was RMB3.05.

Significant Investment

As at 31 December 2015, the Group's interests in joint ventures was RMB470,860,000 and interest in an associate was RMB6,844,000 which mainly included the investment in Qingling Isuzu Engine, a joint venture, of RMB409,061,000. The joint ventures and associate of the Group were under normal operation.

Except for the Company's additional capital contribution of RMB52,771,000 to Qingling Isuzu Sales. During the year ended 31 December 2015, the Group had no significant acquisition and disposal of investment.

Segment Information

The segment revenue contributed by light-duty trucks and pick-up trucks was RMB4,218,759,000, representing 76.6% of the total segment revenue and the segment profit of light-duty trucks and pick-up trucks accounted for 85.9% of the total segment profit. Light-duty trucks and pick-up trucks are currently the major products accounting for the highest contribution to the Group.

The segment revenue contributed by medium and heavy-duty trucks was RMB1,005,988,000, representing 18.3% of the total segment revenue. The segment profit from medium and heavy-duty trucks was RMB29,999,000, accounting for 6.0% of the total segment profit.

The Company planned to enlarge the share of segment revenue and segment profit attributable to medium and heavy-duty trucks 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 2015, no asset of the Group was pledged for financial facilities (for the year ended 31 December 2014: Nil).

Effects of Foreign Exchange Rate Changes

As at 31 December 2015, the Group had bank balances and receivables of foreign currency in aggregate of RMB26,692,790.15 and trade and other payables of foreign currency in aggregate of RMB37,721,927.68.

The major foreign currency transactions of the Group are relating to purchasing automobile parts denominated in 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 in the exchange rate.

Commitments

As at 31 December 2015, the Group had capital commitments of RMB115,281,000 that had been contracted for but not provided in the consolidated financial statements, mainly including the heavy-duty truck projects. The Group expects to finance the above capital requirement by its own cash flows.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF SHAREHOLDERS

The Board recommends the payment of a final dividend of RMB0.16 per share (the "**2015 final dividend**") (2014: RMB0.16 per share) in respect of the year ended 31 December 2015, subject to shareholders' approval at the forthcoming 2016 annual general meeting. The dates of closure of register of shareholders for the purpose of determining the identity of shareholders entitled to attend 2016 annual general meeting and to receive the proposed final dividend respectively, and the record date of dividend and payment date of the said final dividend will be announced later.

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 (to be announced later), the Company will pay the 2015 final dividend payable to such shareholders after deducting all enterprise income tax payable from the 2015 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 (to be announced later), the Company will not deduct the enterprise income tax from the 2015 final dividend which such shareholders have right to receive.

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 conditions set out in the notice are satisfied. The Company and Qingling Moulds 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 and 2014. In the opinion of the directors of the Company, 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 2015.

DESIGNATED DEPOSITS

As at 31 December 2015, 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 2015, the Group has 2,842 employees (2014: 2,884 employees). For the year ended 31 December 2015, labor cost was RMB207,914,000 (2014: RMB166,217,000). For the year ended 31 December 2015, 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 2015, the Group has not sold any of its staff quarters to its employees.

STRUCTURE OF SHAREHOLDING

(1) As at 31 December 2015, 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 2015, 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 shareholders	Class of shares	Number of shares	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%
Edgbaston Investment Partners Limited	H shares	62,085,000 shares	Investment manager	5.01%	2.50%

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 2015.

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

As at 31 December 2015, 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 2015, 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 2015.

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, company 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 2015, 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 2015.

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 2015 and the 2015 annual results.

DIRECTORS

As at the date of this announcement, the Board comprises 11 directors, of which Mr. HE Yong, Mr. Keiichiro MAEGAKI, Mr. GAO Jianmin, Mr. Makoto TANAKA, Mr. ZENG Jianjiang, Mr. Naoto HAKAMATA, Mr. LI Juxing are executive directors; and Mr. LONG Tao, Mr. SONG Xiaojiang, Mr. LIU Tianni and Mr. LIU Erh Fei are independent non-executive directors.

By Order of the Board
Qingling Motors Co. Ltd
ZHENG Jianjiang
Executive Director and Company Secretary

Chongqing, the PRC, 18 March 2016