五菱汽車集團控股有限公司
WULING MOTORS HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability) *(股份代號 Stock Code : 305)*

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

	2015	2014	Increase
	RMB'000	*RMB'000*	(%)
Revenue	**13,451,243**	12,138,662	10.8%
Gross profit	**1,521,033**	1,373,721	10.7%
Profit for the year	**170,052**	108,417	56.8%
Profit attributable to the owners of the Company	**82,212**	49,443	66.3%
Earnings per share			
Basic	**RMB4.92 cents**	RMB3.50 cents	40.6%
Diluted	**RMB4.83 cents**	RMB3.48 cents	38.8%
Final dividend	**HKD0.75 cent**	HKD0.50 cent	50.0%

RESULTS

The board of directors (the "Board") of Wuling Motors Holdings Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015 together with the comparative figures for the previous year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	**2015** **RMB'000**	2014 *RMB'000*
Revenue	*4 & 5*	**13,451,243**	12,138,662
Cost of sales		**(11,930,210)**	(10,764,941)
Gross profit		**1,521,033**	1,373,721
Other income	*5*	**68,453**	51,702
Other gains and losses	*5*	**(30,933)**	(46,212)
Selling and distribution costs		**(299,720)**	(323,761)
General and administrative expenses		**(931,583)**	(831,072)
Share of results of joint ventures		**(12,752)**	(1,591)
Finance costs	*6*	**(72,484)**	(80,417)
Profit before taxation		**242,014**	142,370
Income tax expense	*7*	**(71,962)**	(33,953)
Profit for the year	*8*	**170,052**	108,417
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		**954**	2,753
Total comprehensive income for the year		**171,006**	111,170
Profit for the year attributable to:			
Owners of the Company		**82,212**	49,443
Non-controlling interests		**87,840**	58,974
		170,052	108,417
Total comprehensive income attributable to:			
Owners of the Company		**83,166**	52,196
Non-controlling interests		**87,840**	58,974
		171,006	111,170
Earnings per share	*10*		
Basic		**RMB4.92 cents**	RMB3.50 cents
Diluted		**RMB4.83 cents**	RMB3.48 cents
Dividends	*9*		
Interim dividend		**Nil**	Nil
Final dividend		**HKD0.75 cent**	HKD0.5 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	NOTES	**2015** *RMB'000*	2014 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**2,154,838**	1,857,279
Prepaid lease payments		**250,961**	220,512
Premium on prepaid lease payments		**873**	897
Investment properties		**8,610**	7,936
Intangible assets		**628**	628
Interests in joint ventures		**80,341**	80,138
Deposits paid for acquisition of land use rights		**–**	7,010
Deposits paid for acquisition of property, plant and equipment		**433,437**	291,647
Available-for-sale investment	*11*	**22,000**	22,000
		2,951,688	2,488,047
CURRENT ASSETS			
Inventories	*12*	**1,778,552**	1,449,146
Trade and other receivables	*13*	**5,007,701**	5,023,153
Prepaid lease payments		**6,088**	4,956
Pledged bank deposits		**718,130**	647,524
Bank balances and cash		**1,175,393**	201,752
		8,685,864	7,326,531
CURRENT LIABILITIES			
Trade and other payables	*15*	**8,397,991**	7,246,366
Amount due to a shareholder		**28,608**	–
Amount due to a related party		**–**	3,235
Provision for warranty	*16*	**151,353**	164,179
Tax payable		**58,644**	27,557
Bank and other borrowings	*17*	**884,771**	533,264
		9,521,367	7,974,601
NET CURRENT LIABILITIES		**(835,503)**	(648,070)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,116,185**	1,839,977

	NOTES	2015 RMB'000	2014 RMB'000
NON-CURRENT LIABILITIES			
Amount due to a shareholder		**191,314**	191,314
Deferred income	*11*	**18,272**	19,739
Deferred tax liabilities		**16,939**	15,732
		226,525	226,785
		1,889,660	1,613,192
CAPITAL AND RESERVES			
Share capital	*18*	**6,600**	5,627
Reserves		**1,034,913**	788,711
Equity attributable to owners of the Company		**1,041,513**	794,338
Non-controlling interests		**848,147**	818,854
		1,889,660	1,613,192

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate parent is Wuling (Hong Kong) Holdings Limited ("Wuling HK") and its ultimate parent is Guangxi Automobile Holdings Limited* 廣西汽車集團有限公司 (formerly known as Liuzhou Wuling Motors Company Limited* 柳州五菱汽車有限責任公司) ("Guangxi Automobile").

The Company acts as an investment holding company and its subsidiaries are engaged in the manufacturing and trading of engines and parts, automotive components and accessories and specialized vehicles, trading of raw materials, and provision of water and power supply.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity and going concern of the Group in light of the Group's current liabilities exceed its current assets by approximately RMB836 million (2014: approximately RMB648 million) as at 31 December 2015. The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration the available bank borrowing facilities of approximately RMB104 million, estimated future cash flows of the Group and assets available to pledge for obtaining further banking facilities.

In addition, Guangxi Automobile has agreed to provide adequate funds to enable the Group to meet in full its financial obligations as and when they fall due in the foreseeable future.

Accordingly, the directors of the Company believe that it is appropriate to prepare the consolidated financial statements on a going concern basis without including any adjustments that would be required should the Group fail to continue as a going concern.

* *for identification purpose only*

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("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 amendment 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 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[2]
HKFRS 14	Regulatory Deferred Accounts[1]
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 HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
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.
3 Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognized financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors anticipate that the application of HKFRS 9 will have no material effect on the Group's financial assets and financial liabilities based on the analysis of the Group's financial assets and financial liabilities as at 31 December 2015.

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 recognize 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: Recognize revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognizes 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 other new and revised HKFRSs will have no material impact on the Group's consolidated financial statements.

4. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organized. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The Group's reportable and operating segments under HKFRS 8 are as follows:

- Engines and related parts – Manufacture and sale of engines and related parts
- Automotive components and other industrial services – Manufacture and sale of automotive components and accessories, trading of raw materials (mainly metals and other consumables), and provision of water and power supply services
- Specialized vehicles – Manufacture and sale of specialized vehicles
- Others – Property investment and others

Segment revenues and results

The following is an analysis of the Group's revenue and results from reportable and operating segments:

For the year ended 31 December 2015

	Engines and related parts *RMB'000*	Automotive components and other industrial services *RMB'000*	Specialized vehicles *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Consolidated *RMB'000*
Revenue						
External sales	3,620,766	7,689,088	2,141,264	125	–	13,451,243
Inter-segment sales	61,042	3,799	–	–	(64,841)	–
Total	3,681,808	7,692,887	2,141,264	125	(64,841)	13,451,243
Segment profit (loss)	169,916	187,374	18,975	(22,917)		353,348
Bank interest income						36,823
Impairment loss on interest in a joint venture						(8,000)
Central administrative costs						(54,921)
Share of results of joint ventures						(12,752)
Finance costs						(72,484)
Profit before taxation						242,014

For the year ended 31 December 2014

	Engines and related parts *RMB'000*	Automotive components and other industrial services *RMB'000*	Specialized vehicles *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Consolidated *RMB'000*
Revenue						
External sales	2,666,249	7,418,056	2,054,239	118	–	12,138,662
Inter-segment sales	760,815	3,527	–	–	(764,342)	–
Total	3,427,064	7,421,583	2,054,239	118	(764,342)	12,138,662
Segment profit (loss)	122,164	109,613	49,233	(13,219)		267,791
Bank interest income						26,047
Change in fair value of derivative financial instrument						(1,282)
Impairment loss on goodwill						(5,252)
Impairment loss on interest in a joint venture						(8,224)
Impairment loss on prepaid lease payments						(11,450)
Central administrative costs						(43,252)
Share of results of joint ventures						(1,591)
Finance costs						(80,417)
Profit before taxation						142,370

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit earned by/loss incurred by each segment without the allocation of central administrative costs, bank interest income, change in fair value of derivative financial instrument, impairment loss on goodwill, impairment loss on interest in a joint venture, impairment loss on prepaid lease payments, share of results of joint ventures and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market prices.

Segment assets and liabilities

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

At 31 December 2015

	Engines and related parts *RMB'000*	**Automotive components and other industrial services** *RMB'000*	**Specialized vehicles** *RMB'000*	**Others** *RMB'000*	**Consolidated** *RMB'000*
Assets					
Segment assets	**2,961,347**	**5,093,810**	**1,573,193**	**13,338**	**9,641,688**
Interests in joint ventures					**80,341**
Available-for-sale investment					**22,000**
Pledged bank deposits					**718,130**
Bank balances and cash					**1,175,393**
Consolidated assets					**11,637,552**
Liabilities					
Segment liabilities	**2,760,415**	**5,090,030**	**1,600,849**	**3,401**	**9,454,695**
Amounts due to a shareholder					**219,922**
Bank borrowings					**2,895**
Others					**70,380**
Consolidated liabilities					**9,747,892**

At 31 December 2014

	Engines and related parts *RMB'000*	Automotive components and other industrial services *RMB'000*	Specialized vehicles *RMB'000*	Others *RMB'000*	Consolidated *RMB'000*
Assets					
Segment assets	2,931,721	4,678,604	1,227,495	25,344	8,863,164
Interests in joint ventures					80,138
Available-for-sale investment					22,000
Pledged bank deposits					647,524
Bank balances and cash					201,752
Consolidated assets					9,814,578
Liabilities					
Segment liabilities	2,702,945	3,740,481	1,206,656	18,436	7,668,518
Amount due to a shareholder					191,314
Amount due to a related party					3,235
Bank borrowings					295,030
Others					43,289
Consolidated liabilities					8,201,386

The assets of the Group are allocated based on the operations of the segments. However, interests in joint ventures, available-for-sale investment, pledged bank deposits and bank balances and cash are not allocated to the segments.

The liabilities of the Group are allocated based on the operations of the segments. However, amount due to a shareholder, amount due to a related party, bank borrowings, tax payables and deferred tax liabilities are not allocated to the segments.

Other segment information

For the year ended 31 December 2015

	Engines and related parts *RMB'000*	Automotive components and other industrial services *RMB'000*	Specialized vehicles *RMB'000*	Others *RMB'000*	Consolidated *RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets	**109,005**	**355,993**	**90,853**	**–**	**555,851**
Depreciation of property, plant and equipment	**70,664**	**122,641**	**7,644**	**93**	**201,042**
Release of prepaid lease payments	**1,126**	**4,613**	**–**	**–**	**5,739**
Release of premium on prepaid lease payments	**–**	**24**	**–**	**–**	**24**
Loss on disposal of property, plant and equipment	**1,075**	**3,500**	**893**	**–**	**5,468**
Allowance for inventories	**8,500**	**2,473**	**631**	**–**	**11,604**
Impairment loss reversed in respect of trade receivables	**(289)**	**(943)**	**(240)**	**–**	**(1,472)**
Impairment losses recognized on trade receivables	**9,098**	**35**	**–**	**14,270**	**23,403**
Impairment loss on interest in a joint venture	**–**	**8,000**	**–**	**–**	**8,000**
Research and development expenses	**68,949**	**142,016**	**57,467**	**–**	**268,432**
Gain on revaluation of investment properties	**–**	**–**	**–**	**(137)**	**(137)**

For the year ended 31 December 2014

	Engines and related parts *RMB'000*	Automotive components and other industrial services *RMB'000*	Specialized vehicles *RMB'000*	Others *RMB'000*	Consolidated *RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets	156,235	351,359	84,790	9	592,393
Depreciation of property, plant and equipment	63,203	103,591	6,745	107	173,646
Release of prepaid lease payments	885	3,820	–	–	4,705
Release of premium on prepaid lease payments	–	25	–	–	25
(Gain) loss on disposal of property, plant and equipment	(45)	10,739	–	(7)	10,687
Reversal of allowance for inventories	(3,566)	(8,710)	–	–	(12,276)
Impairment loss reversed in respect of trade receivables	–	(71)	–	–	(71)
Impairment losses recognized on trade receivables	10,149	30	–	–	10,179
Impairment loss on goodwill	5,252	–	–	–	5,252
Impairment loss on interest in a joint venture	–	–	8,224	–	8,224
Impairment loss on prepaid lease payments	11,450	–	–	–	11,450
Research and development expenses	23,136	142,041	32,432	–	197,609
Gain on revaluation of investment properties	–	–	–	(837)	(837)

Geographical information

(a) *Revenue from external customers*

The Group's operations are located in the PRC (excluding Hong Kong) and Hong Kong. Information about the Group's revenue from customers is presented based on the location of customers, irrespective of the origin of the goods and services.

	2015	2014
	RMB'000	*RMB'000*
The PRC (excluding Hong Kong)	**13,447,887**	12,138,544
Hong Kong	**221**	118
Others	**3,135**	–
Consolidated	**13,451,243**	12,138,662

(b) *Non-current assets*

Information about the Group's non-current assets is presented based on the geographical location of the assets.

	2015	2014
	RMB'000	*RMB'000*
Hong Kong	**9,412**	8,161
Philippines	**615**	628
The PRC (excluding Hong Kong)	**2,919,661**	2,457,258
	2,929,688	2,466,047

Note: Non-current assets excluded financial instruments.

Information about a major customer

Revenue derived from sales to a single customer, which contributed over 10% of the Group's total revenue, in respect of the followings operating segments, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Engines and related parts	**2,695,250**	1,789,259
Automotive components and other industrial services	**6,697,070**	6,000,569
Specialized vehicles	**28,706**	2,189
	9,421,026	7,792,017

5. **REVENUE/OTHER INCOME/OTHER GAINS AND LOSSES**

(a) An analysis of the Group's revenue is as follows:

	2015	2014
	RMB'000	*RMB'000*
Sales of:		
— Engines	**3,512,212**	2,588,829
— Engines related parts	**108,554**	77,420
— Automotive components and accessories	**6,830,013**	6,456,769
— Specialized vehicles	**2,141,264**	2,054,239
Trading of raw materials	**659,690**	734,115
Provision of water and power supply	**199,385**	227,172
	13,451,118	12,138,544
Gross property rental income from investment properties	**125**	118
	13,451,243	12,138,662

(b) Details of other income are as follows:

	2015	2014
	RMB'000	*RMB'000*
Sales of scrap materials and parts	**549**	778
Bank interest income	**36,823**	26,047
Service income on repairs and maintenance	**12,199**	6,667
Machinery and other property rental income	**3,446**	1,690
Amortisation of deferred income	**1,467**	1,467
Trading of timber	**24**	421
Government grants	**7,539**	8,429
Gain on sale of an internally developed intellectual property	**–**	2,906
Others	**6,406**	3,297
	68,453	51,702

(c) Details of other gains and losses are as follows:

	2015	2014
	RMB'000	*RMB'000*
Gain on derecognition of trade and other payables	**4,821**	–
Change in fair value of derivative financial instrument	**–**	(1,282)
Impairment loss reversed in respect of trade receivables	**1,472**	71
Impairment loss on interest in a joint venture	**(8,000)**	(8,224)
Gain on revaluation of investments properties	**137**	837
Foreign exchange losses, net	**(492)**	(46)
Loss on disposal of property, plant and equipment	**(5,468)**	(10,687)
Impairment loss recognized on trade receivables	**(23,403)**	(10,179)
Impairment loss on goodwill	**–**	(5,252)
Impairment loss on prepaid lease payments	**–**	(11,450)
	(30,933)	(46,212)

6. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interests on:		
— amount due to a related party	**317**	269
— amounts due to a shareholder	**141**	2,349
— borrowings wholly repayable within five years	**10,866**	16,015
— borrowings not wholly repayable within five years	**–**	33
— advances drawn on bills receivables *(Note)*	**61,160**	57,248
— convertible loan notes	**–**	4,503
	72,484	80,417

Note: During the year ended 31 December 2015, interest of RMB32,378,000 (2014: RMB28,681,000) was paid to a shareholder in respect of bills discounted to that shareholder.

7. INCOME TAX EXPENSE

	2015	2014
	RMB'000	*RMB'000*
Tax charge represents:		
PRC Enterprise Income Tax ("EIT")		
Current	**69,963**	29,584
Withholding tax on dividend distribution	**2,323**	874
(Over) under provision in prior years	**(1,531)**	4,139
	70,755	34,597
Deferred tax		
Current year	**1,207**	(644)
	71,962	33,953

The PRC

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group's PRC subsidiaries is 25% from 1 January 2008 onwards except that:

(i) Liuzhou Wuling Motors Industrial Company Limited ('Wuling Industrial") is approved for 3 years as enterprise that satisfied as a High-New Technology Enterprise and entitles the preferential tax rate of 15% in 2014 and 2015; and

(ii) Pursuant to the tax notice Caishui [2011] No. 58 issued in 2011, companies located in specified provinces of Western China and engaged in a specific state-encouraged industries as defined under the "Catalogue of Encouraged Industries in the Western Region" (the "Catalogue") were subject to a preferential tax rate of 15% during the period from 2011 to 2020 when the annual revenue from the encouraged business exceeded 70% of its total revenue in a fiscal year. In 2012, confirmation notice from the relevant authority on the 15% EIT rate had been obtained by the enterprises including Liuzhou Wuling Liuji Motors Company Limited ("Liuji Motors"). During the year ended 31 December 2014, the Catalogue setting out the qualifying industries has been issued which has classified principal activities of Liuji Motors as encouraged industries. As a result, Liuji Motors is entitled the preferential tax rate of 15% in 2014. During the year ended 31 December 2015, Liuji Motors has been approved as enterprise that satisfied as a High-New Technology Enterprise and entitles the preferential tax rate of 15% in 2015.

The EIT Law also requires withholding tax of 5% or 10% upon distribution of profits by the PRC subsidiaries since 1 January 2008 to its overseas (including Hong Kong) shareholders. In prior years, the Group had accrued withholding tax at the rate of 10% pending clarification from the relevant tax authority. In July 2013, the Group received confirmation from the relevant tax authority that it was entitled to a withholding tax rate of 5% effective from October 2009.

During the year, deferred tax of RMB3,929,000 (2014: RMB3,381,000) has been provided in respect of the undistributed earnings of the Group's PRC subsidiaries and charge to profit or loss accordingly.

Hong Kong

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for taxation has been made as the Group's income neither arises in, nor is derived from, Hong Kong for both years.

8. PROFIT FOR THE YEAR

	2015	2014
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging (crediting) the following items:		
Directors' emoluments	**5,243**	6,066
Other staff costs:		
Salaries, bonus and other benefits	**697,946**	698,975
Retirement benefit scheme contributions, excluding directors	**58,782**	61,059
Total staff costs	**761,971**	766,100
Gross property rental income from investment property, net of negligible outgoings	**(125)**	(118)
Auditor's remuneration	**1,532**	1,570
Cost of inventories recognized as an expense *(note)*	**11,930,210**	10,764,941
Depreciation of property, plant and equipment	**201,042**	173,646
Release of prepaid lease payments (included in general and administrative expenses)	**5,739**	4,705
Release of premium on prepaid lease payments (included in general and administrative expenses)	**24**	25
Research and development expenses (included in general and administrative expenses)	**268,432**	197,609
Transportation costs (included in selling and distribution costs)	**178,101**	191,619

note: Included in arriving at cost of inventories is an amount of RMB11,604,000 recognized as reversal of allowance for inventories (2014: reversal of allowance for inventories of RMB12,276,000).

9. DIVIDEND

	2015	2014
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
2014 Final dividend of HKD0.5 cent (2014: 2013 final dividend of HKD0.5 cent) per share	**5,957**	6,004

Subsequent to the end of the reporting period, a final dividend of HKD0.75 cent per share amounting to approximately HKD13,662,000 (or equivalent to RMB11,390,000) in respect of the year ended 31 December 2015 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

10. EARNINGS PER SHARE

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

	2015	2014
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic earnings per share (profit of the year attributable to owners of the Company)	**82,212**	49,443
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,669,960**	1,414,425
Effect of dilutive potential ordinary shares in respect of share options	**32,572**	5,612
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,702,532**	1,420,037

No adjustment for convertible loan notes was made in calculating diluted earnings per share for the year ended 31 December 2014 as the conversion of convertible loan notes would result in increase in earnings per share.

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share in 2014 have been adjusted for the bonus element of the Open Offer (as defined in Note 18) on 30 July 2015.

11. DEFERRED INCOME/AVAILABLE-FOR-SALE INVESTMENT

On 18 May 2013, the Group entered into an agreement with Fujian New Long Ma Automobile Company Limited (福建新龍馬汽車股份有限公司) ("New Long Ma"), an independent third party, to grant New Long Ma a right to access certain technology knowhow of the Group in specific region for 15 years at a consideration of RMB22,000,000. The Group concurrently agreed to use the fund received from New Long Ma to acquire 1.83% equity interest in New Long Ma from Longyan Shi Long Ma Automobile Industrial Company Limited (龍岩市龍馬汽車工業有限公司), the holding company of New Long Ma at a consideration of RMB22,000,000. As at 31 December 2013, the deposit of RMB22,000,000 paid for the acquisition of the 1.83% equity interest in New Long Ma was recognized as a non-current asset and the consideration received in respect of the access right to the technology knowhow was recognized as a deferred income and amortized over 15 years.

During the year ended 31 December 2014, the Group has obtained the ownership of 1.83% equity interest in New Long Ma and is classified as available-for-sale investment. It is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that the fair value cannot be measured reliably.

12. INVENTORIES

	2015	2014
	RMB'000	*RMB'000*
Raw materials	**346,955**	414,886
Work in progress	**95,190**	84,831
Finished goods	**1,336,407**	949,429
	1,778,552	1,449,146

13. TRADE AND OTHER RECEIVABLES AND BILLS RECEIVABLES DISCOUNTED WITH RECOURSE

(i) Trade and other receivables

	Notes	2015	2014
	Notes	*RMB'000*	*RMB'000*
Trade and bills receivables			
— SAIC-GM-Wuling Automobile Co., Limited ("SGMW")	*(a)*	**2,666,890**	3,266,927
— Guangxi Automobile Group	*(b)*	**85,062**	4,281
— Guangxi Weixiang Machinery Company Limited		**3,915**	8,053
— third parties		**1,113,625**	1,147,301
		3,869,492	4,426,562
Less: Allowance for doubtful debts		**(55,334)**	(30,611)
		3,814,158	4,395,951
Other receivables:			
Prepayments for expenses		**3,927**	2,324
Prepayments for purchase of raw materials	*(c)*	**206,073**	287,967
Value-added tax recoverable		**8,945**	47,057
Others		**87,383**	50,954
		306,328	388,302
Bills receivables discounted with recourse *(Note 13(ii))*		**887,215**	238,900
Total trade and other receivables		**5,007,701**	5,023,153

Notes:

(a) Guangxi Automobile has significant influence over SGMW.

(b) Being Guangxi Automobile and its subsidiaries and associates other than the Group and SGMW (collectively referred to as the "Guangxi Automobile Group").

(c) Included in the balance was an amount of RMB3,507,000 (2014: RMB68,853,000) paid to SGMW.

The Group allows an average credit period of 90 days to 180 days for sales of goods to its trade customers.

Included in trade and other receivables are trade and bills receivables of RMB3,814,158,000 (2014: RMB4,395,951,000) and an aged analysis of trade receivables based on the invoice date (net of allowance for doubtful debts) and an aged analysis of bills receivables based on the issue date of the bills are presented as follows:

	2015	2014
	RMB'000	*RMB'000*
0 to 90 days	**3,080,580**	3,062,387
91 to 180 days	**645,850**	1,295,407
181–365 days	**78,748**	20,403
Over 365 days	**8,980**	17,754
	3,814,158	4,395,951

(ii) Bills receivables discounted with full recourse

The amounts represent bills receivables discounted to banks with recourse with a maturity period of less than 180 days (2014: 180 days). The Group recognizes the full amount of the discount proceeds as liabilities as set out in Note 17.

The aged analysis based on the bills issue date is presented as follows:

	2015	2014
	RMB'000	*RMB'000*
91–180 days	**887,215**	238,900

14. TRANSFERS OF FINANCIAL ASSETS

The following were the Group's financial assets as at 31 December 2015 and 2014 that were transferred to banks by discounting those receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognize the full carrying amount of the receivables and has recognized the cash received on the transfer as a secured borrowing (see Note 17). These financial assets are carried at amortized cost in the Group's consolidated statement of financial position.

Bills receivables discounted to banks with full recourse:

	2015	2014
	RMB'000	*RMB'000*
Carrying amount of transferred assets	**887,215**	238,900
Carrying amount of associated liabilities	**(881,876)**	(238,234)
Net position	**5,339**	666

15. TRADE AND OTHER PAYABLES

	Notes	2015 RMB'000	2014 RMB'000
Trade and bills payables:			
— SGMW		**528,693**	43,110
— Guangxi Automobile Group		**114,247**	51,729
— Qingdao Dianshi Motor Accessories Company Limited		**12,358**	2,279
— third parties		**6,648,712**	6,237,665
	(i)	**7,304,010**	6,334,783
Other payables and accruals	*(ii)*	**1,093,981**	911,583
Total trade and other payables		**8,397,991**	7,246,366

Notes:

(i) Included in trade and other payables are trade and bills payables of RMB7,304,010,000 (2014: RMB6,334,783,000) and an aged analysis based on the invoice date is presented as follows:

	2015 RMB'000	2014 RMB'000
0 to 90 days	**5,325,527**	4,605,521
91 to 180 days	**1,888,502**	1,655,607
181 to 365 days	**37,770**	34,443
Over 365 days	**52,211**	39,212
	7,304,010	6,334,783

(ii) The amount represents receipt in advance from customers, accrued staff costs and accruals for operating expenses, payables for acquisition of property, plant and equipment and other miscellaneous payables.

16. PROVISION FOR WARRANTY

	RMB'000
At 1 January 2014	158,698
Additional provision in the year	44,031
Utilization of provision	(38,550)
At 31 December 2014	164,179
Additional provision in the year	20,333
Utilization of provision	(33,159)
At 31 December 2015	**151,353**

The warranty provision represents management's best estimate under its 2–3 years' product warranty granted to its specialized vehicles, automobile components and engines customers. However, based on prior experience and industry averages for defective products, it is expected that the majority of this expenditure will be incurred in the next two years.

17. BANK AND OTHER BORROWINGS

	2015 RMB'000	2014 RMB'000
Secured	**2,895**	184,825
Unsecured	**–**	110,205
	2,895	295,030
Advances drawn on bills receivables discounted with recourse *(Note i)*	**881,876**	238,234
	884,771	533,264
Carrying amount repayable on demand or within one year *(Note ii)*	**883,926**	532,251
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**845**	913
Amount due within one year shown under current liabilities	**884,771**	533,264

Notes:

(i) The amount represents the Group's other borrowings secured by the bills receivables discounted to banks with recourse (see Note 13(ii)).

(ii) The amounts due are based on scheduled repayment dates set out in the loan agreements.

18. SHARE CAPITAL

	Number of shares	Amount HKD'000
Authorized:		
Ordinary shares of HKD0.004 each	25,000,000,000	100,000
Convertible preference shares of HKD0.001 each	1,521,400,000	1,521
Balance at 1 January 2014, 31 December 2014 and 31 December 2015		101,521
Issued and fully paid:		
Ordinary shares of HKD0.004 each		
At 1 January 2014	1,172,165,390	4,689
Exercise of share options *(Note a)*	1,000,000	4
Conversion of convertible loan notes	344,827,586	1,379
At 31 December 2014	1,517,992,976	6,072
Issue of shares upon Open Offer *(Note b)*	303,598,595	1,214
At 31 December 2015	1,821,591,571	7,286

	2015 RMB'000	2014 RMB'000
Shown in the consolidated financial statements at the end of the reporting period as	**6,600**	5,627

Notes:

(a) During the year ended 31 December 2014, 1,000,000 ordinary shares of the Company of HKD0.004 each were issued upon the exercise of 1,000,000 share options with proceeds of HKD490,000 (equivalent to RMB397,000)).

(b) On 30 July 2015, the Company completed an open offer of 303,598,595 offer shares of HKD0.004 each at a subscription price of HKD0.7 per offer share on the basis of one offer share for every five existing shares of the Company ("Open Offer"). An aggregate proceeds of HKD212,519,000 (equivalent to RMB170,247,000), of which HKD1,214,000 (equivalent to RMB973,000) was credited to share capital and the remaining balance of HKD211,305,000 (equivalent to RMB169,274,000) was credited to share premium.

The new shares issued ranked pari passu in all respects with the existing shares then in issue.

19. EVENT AFTER THE END OF THE REPORTING PERIOD

On 29 February 2016, the Company completed the contribution, on a non pro-rata basis, a sum of RMB160,000,000 in cash to Wuling Industrial, a non-wholly-owned subsidiary of the Company, of which RMB82,580,646 was contributed to the registered capital of Wuling Industrial and RMB77,419,354 was contributed to the capital reserves of Wuling Industrial pursuant to a capital increase agreement entered into by the Company, Guangxi Automobile and Wuling Industrial on 3 December 2015, details of which were disclosed in the Company's announcement dated 3 December 2015 and the Company's circular dated 24 December 2015. Accordingly, the equity interests of the Company in Wuling Industrial has been increased from 50.98% to 54.86%.

MANAGEMENT DISCUSSION AND ANALYSIS

Operation Review — By Key Business Segments

The business performance and evaluation of the Group's three main business segments namely (1) engines and parts; (2) automotive components and other industrial services; and (3) specialized vehicles for the year 2015 are detailed below:

Engines and Parts

Turnover (based on external sales) of the engines and parts division for the year ended 31 December 2015 was RMB3,620,766,000, representing an increase of 35.8% as compared to previous year. Operating profits for the year was RMB169,916,000, representing an increase of 39.1% as compared to previous year.

Total number of engines sold by the subsidiary, Liuzhou Wuling Liuji Motors Company Limited ("Wuling Liuji"), for the year 2015 was approximately 520,000 units, representing a moderate increase of 6.1% as compared to previous year. A shift in the product mix towards higher end models drove the impressive business performance for the year, notwithstanding a moderate increase in volume.

During this year, sales to SGMW, our core customer, was increased by 50.6% to approximately RMB2,695,250,000, and continued to account for the majority portion of the division's revenue. The increase was mainly attributable from the mass production of NP18, the Group's first self-propriety engine for passenger vehicles, which was installed in Baojun 730 and 560 model of SGMW. NP18 which had a higher selling price as compared to the traditional models produced for commercial mini-vehicles contributed to a significant portion of sales to SGMW for the year 2015.

Meanwhile, for further expansion and diversification of the Group's engines and parts businesses, Wuling Liuji has been actively pursuing projects for other automobile manufacturers over the years. Sales, primarily engine sets, to other customers amounted to approximately RMB925,516,000 for the year 2015, representing approximately 25.6% of the total revenue of this division.

Operating margin slightly improved to 4.7% as compared to 4.6% for previous year. During this year, continuous improvement of the operations of the foundry facilities since the commencement of scale operation in 2014 helped to benefit the margin performance of the division despite a higher level of research and development expenses incurred for the year. Furthermore, mass production of the abovementioned N18 new model with higher selling price and better profit margin provided an important driving force for the improvement in profitability of the division.

The production capacity of Wuling Liuji for the assembly functions at present is about 800,000 units a year, whereas the foundry facilities of cylinder block and cylinder head are having a capacity of 600,000 units. Wuling Liuji will continue to monitor the growth of customers' businesses volume, especially for the passenger vehicles segment, in order to derive an optimum capacity and utilization level for its operations.

In the past, engines produced by Wuling Liuji were mainly for the commercial mini-vehicles which had been recognized as a trademark product in this particular market segment. However, to further expand the product range and to achieve higher technical capability, Wuling Liuji has actively undertaken development projects, either in house or in co-operation with other business partners, for the production of the upgraded engine products in serving the different needs of the customers, especially targeting at the passenger vehicles' business. As mentioned above, Wuling Liuji has successfully launched NP18, its first engine product for the passenger vehicles, in which mass production orders from the main customer has gradually taken off during the year. This product marked a significant breakthrough of Wuling Liuji from which, in term of revenue, the contribution from the passenger vehicles products in 2015 surpassed the contribution from the traditional commercial mini-vehicles products.

Meanwhile, Wuling Liuji is also making significant progress in our owned proprietary V6 cylinder engine products which is undertaken by a joint venture company formed with a technical partner, namely Liuzhou Lingte Motor Technology Company Limited ("Liuzhou Lingte"). Following the successful completion of the research and development of the 3.0L Advanced Model and the entering into the planning stage of the production facilities by Liuzhou Lingte, on 15 April 2015, the Company announced a further capital injection of RMB49,450,000 to Liuzhou Lingte for construction of the infrastructure and the main assembly line and for funding other ongoing projects of Liuzhou Lingte. The successful development of the V6 products by Liuzhou Lingte will significantly enhance our products range and capability in the industry.

Going forward, Wuling Liuji will continue to focus on the research and development, as well as the marketing programmes of its existing and new products, so as to maintain its competitiveness in this market segment. The Group believes the successful launch of new higher end products will enhance the business potential and the technical capability of Wuling Liuji which will contribute to its profitability in the coming years.

The Group remains optimistic on the business outlook for the years ahead and believes our product competitiveness in the market and the gradual positive impact from the vertical integration and the launches of new higher ended products will be beneficial to the performance of the division as well as to place the Group in a better position in facing with the current keen competitive market situation.

Automotive Components and Other Industrial Services

Turnover (based on external sales) of the automotive components and other industrial services division for the year ended 31 December 2015 was RMB7,689,088,000, representing an increase of 3.7% as compared to previous year. Benefited from the positive effects from the launches of new models despite a significant increase in research and development expenses during the year, operating profits for the year improved to RMB187,374,000, representing an impressive increase of 70.9% as compared to previous year.

The automotive components and other industrial services division continued to be the key supplier for supplying a majority portion of the key automotive components to SGMW. Total sales to SGMW, comprised the range of products including the brake and the chassis assembly components, seat sets, various plastic and welding parts and other automotive accessories, continued to increase and accounted for approximately 87.1% of the total turnover for this business division. Strong demands for and the increasing market share achieved by the key products of SGMW benefited the business performance of this division for this year. Besides, the satisfactory market performance of the passenger vehicles models such as Wuling Hongguang (五菱宏光) and the Baojun series (寶駿) of SGMW also contributed to the business performance and provided another promising business potential to this division.

Meanwhile, sales to other customers comprising specific automotive components and industrial services amounted to approximately RMB992,018,000, which was decreased during the year.

During the year, operating margin continued to improve resulting from scale operations and the positive effects from contribution of the higher end products as well as the cost control and integration exercises, despite higher administrative costs, in particular the research and development expenses, incurred for the launches and new models and the various capacity expansion and upgrading projects.

In view of the anticipated growth of business of SGMW from the existing models and the launch of new models, the Group has been actively undertaken capacity expansion and upgrading programmes. With respect to the Qingdao region, the Group has initiated further capacity expansion programme through the leasing of additional factory premises from Guangxi Automobile commencing from January 2015. From which, the annual production capacity of the Qingdao production facilities has been gradually increased to 800,000 units of key components.

As for the Liuzhou region, the self-owned primary production base in Hexi Industrial Park, Liuzhou, with a site area of over 400,000 sqm. has been fully completed in 2014. Implementation of various relocation, integration and upgrading exercises along with the completion of this primary production base in Liuzhou has gradually given rise to a positive impact on the business performance of the division. Meanwhile, in response to the business strategy and the increasing orders of SGMW in particular for the passenger vehicles, the division has established another production facility in the eastern district of Liuzhou ("Liudong Facilities"), which is mainly targeted at the passenger vehicles' components businesses. Liudong Facilities, which is strategically located in adjacent to the passenger vehicles production base of SGMW, has started operation in late 2014. In view of the future demands from SGMW and other potential customers, the Group has commenced construction of the second phase development of Liudong Facilities in May 2015 to ensure adequate production capacity can be ready on a timely basis. The Group will oversee these passenger vehicles' components businesses from SGMW and will initiate appropriate plans for further expansion of this production facility in due course.

In February 2015, the Group entered into a contract to acquire a piece of industrial land with a site area of 100,000 sqm. in Chongqing as a strategic move for further expanding its production capacity in the western region of the PRC, for serving the needs of SGMW and other new customers in this particular region. Construction of the production facility has been commenced and progressed satisfactorily and the Group has already initiated appropriate business plans in co-operation with the key customer, whereas contract for purchase of the major equipment for the main production line has been entered into by the Group in July 2015 and is expected to be installed in the first half of 2016.

The automotive components and other industrial services division of the Group currently operates the largest manufacturing base of automotive components in the south-western part of China and is highly recognized for its comprehensive strength of competitiveness. Its specialized facilities cover the products range of the brake, the chassis assembly, automotive accessories, plastic components, welding parts and the seat sets. Main facilities located in Liuzhou, Qingdao and Chongqing ensure closer proximity to the customer's needs across different parts of China. Maximum capacity for key components, from the production facilities, at present can reach 2,000,000 units/sets a year.

With its long and established industry experiences, the automotive components and other industrial services division of the Group is particularly strong in product design and development. Its capability in supplying a wide range of products provides a one-stop shop services to the customers, whereas, the scalability of its production facilities ensures the particular needs of our key customer can be properly taken care of. Apart from its traditional well and established commercial mini-vehicles production capability, strategically, the automotive components and other industrial services division has progressed gradually to other higher value-added passenger vehicles, such as the sedan, MPV and SUV segments to further the profitability performance for the Group. This strategic move has triggered a significant breakthrough in 2015, the division has successfully achieved a higher contribution of revenue share from the passenger vehicles' businesses during the year.

Notwithstanding the highly competitive market condition, the Group considers the competitive strength of its key customer, SGMW, in the market on the back of its successful models and the launch of new models will continue to provide strong supports to the operation of the automotive components and other industrial services division in the years onwards.

Specialized Vehicles

Turnover (based on external sales) of the specialized vehicles division for the year ended 31 December 2015 was RMB2,141,264,000, representing a moderate increase of 4.2% as compared to previous year. Operating profits for the year was RMB18,975,000, representing a decrease of 61.5%.

During this year, the Group sold approximately 43,000 specialized vehicles, representing a moderate increase of 4.9% as compared to previous year which was mainly attributable to increases in volume of sale of the lower-priced redecorated vans and non-road vehicles. Growth in other categories of products, such as mini-buses and school buses, etc, all experienced different extent of slowdown during the year facing this highly competitive environment.

Operating margin remained at low level of 0.9% for the year. High portion of low margin products, market competition and increasing production costs continued to be the primary concerns for the division to tackle. Meanwhile, increasing costs of research and development and warranty incurred for the launches of new products also limited the profitability performance of this division. To enhance the profitability of this division, strategically, the Group has continued to work towards the direction of reducing the production of the lower margin redecorated vans and mini-container wagons products so as to reserve more capacity to other more profitable models, such as the sight-seeing cars and mini school buses as abovementioned and expects the business development costs incurred for these new models will benefit the profitability performance.

At the same time, the specialized vehicles division is also undertaking certain integration programmes at a better control over the production and marketing which helps to promote cost effectiveness and production efficiency. Together with the undertaking of the essential research and development projects as well as the marketing programmes for new product, with specific focus on the new energy vehicles, the Group believes the division is better positioned in entering into the breakthrough stage for improving the profitability of the division.

The specialized vehicles division operates a comprehensive car assembly line which covers the production processes of welding, painting and assembly. The division has capability to produce more than a hundred different types of specially-designed vehicles which serves the particular needs of customers, such as sightseeing bus, golf cart, police car, mini fire engine, postal van, ambulance, container wagon, refrigerator vehicle, heat preservation vehicle, garbage truck and electrical vehicles, etc. The customers range from government departments, public institutes, private enterprises with different size of operation to private individuals. Products are mainly sold in the domestic market covering the major provinces and cities across the country and the overseas markets.

The capability of the specialized vehicles division in the car assembly industry is originated from the long-standing industry experiences of Wuling. In fact, the models designed and developed by the Group are branded as "Wuling", which is itself a benchmark of quality products and services in the market. The Group is also a qualified enterprise which possesses the capability for manufacturing new energy electrical mini-truck in China. The division aims at playing an important part in the new energy vehicle segment and is actively pursuing various development plans for market expansions and enhancement of research capability. Current products include electrical sight-seeing bus, electrical community car and electrical mini-truck, etc. The new energy vehicle is an important part of the corporate strategic plan.

Total capacity of the specialized vehicles division in Liuzhou at present is about 60,000 vehicles a year. The Group has also operated a small production facility in Qingdao with a capacity of 30,000 vehicles to facilitate geographical diversification which enables quality services and cost effectiveness.

Going forward, the specialized vehicles division will continue to undertake research and development projects for new product, technical and capability improvement with specific focus on the new energy vehicles. Whilst the Group envisages the challenges facing this division, it remains confident in the long term business potential of this business segment. With the benefits of an effective cost control programs in production and management, the Group will take this chance to continuously consolidate its existing business and at the same time explore opportunities both locally and overseas so as to fostering a breakthrough business performance to this division.

Financial Review

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Group's turnover for the year ended 31 December 2015 was RMB13,451,243,000, representing an increase of 10.8% as compared to previous year. Impressive growth of businesses in the passenger vehicles' businesses from the new products of the engines and parts and automotive components and other industrial services divisions benefited the business performance of the Group for the year. Overall, strong market presence and increasing demands to the products of our key customer ensured a steady growth of the Group in the automobile industry in China.

Gross profit for the year was RMB1,521,033,000, representing an increase of 10.7% as compared to previous year. Increases in revenue and scale operation of the new higher end products with better profit margins contributed to the margin performance of the Group, in spite of higher administrative costs, in particular the research and development expenses, incurred for the launches and new models and the various capacity expansion and upgrading projects during the year.

Gross margin of the Group maintained at 11.3% for the year. Continuous improvement in the product mix with increasing revenue share from the products for the passenger vehicles' businesses and a hardheaded policy focus on cost control brought the positive trend of a consecutive years of improvement in gross margin despite the keen competition environment in the automobile industry in China.

Net profit of the Group for the year was RMB170,052,000, representing an increase of approximately 56.8% as compared to previous year. Profits attributable to the owners of the Company was RMB82,212,000, representing an increase of 66.3%. The increase had already accounted for the adverse effects from a substantial increase in the research and development expenses and the impairment losses on certain receivable balances which had affected the net profit and the profits attributable to the owners of the Company for the year.

Other income comprised primarily service income on repairs and maintenance and bank interest income was in aggregate RMB68,453,000 for the year ended 31 December 2015, representing an increase of 32.4% as compared to previous year primarily as a result of an increase in the service income and bank interest income during the year.

Other losses amounted to RMB30,933,000 in total for the year ended 31 December 2015, which comprised primarily impairment losses recognised on trade receivables of RMB23,403,000 and impairment losses on interests in a joint venture namely Guangxi Weixiang of RMB8,000,000.

Share of results of joint ventures registered a total losses of RMB12,752,000 for the year ended 31 December 2015 attributable mainly to the net operating loss of Guangxi Weixiang and the research expenses of Liuzhou Lingte incurred for the year.

Selling and distribution costs of the Group comprised primarily transportation costs, warranty expenses and other marketing expenses were in aggregate RMB299,720,000 for the year ended 31 December 2015, representing a decrease of 7.4% as compared to the previous year attributable to a reduction in the transportation cost and warranty expenses.

General and administrative expenses of the Group comprised primarily salary and allowances, various insurance expenses, rental expenses and other administrative expenses were in aggregate RMB931,583,000 for the year ended 31 December 2015, representing an increase of 12.1% as compared to previous year. The increase was mainly attributable to the additional research and development expenses incurred for various new projects during the year.

Research and development expenses for the year ended 31 December 2015 amounted to RMB268,432,000, representing a substantial increase of 35.8% as compared to previous year. Such increase was primarily due to the launches and development projects of new products undertaken by the Group. The Group will continue to prudently carry out research and development projects in accordance with the strategic plan in furthering its future business opportunities.

Finance costs for the year ended 31 December 2015 amounted to RMB72,484,000, representing a decrease of 9.9% as compared to previous year, which was primarily due to lower interest rates during the year. The balances had also included the finance cost of RMB32,378,000 which were interest expenses payable to Guangxi Automobile. To contain finance costs of the Group, Guangxi Automobile provided various sources of finance to the Group through borrowings and/or bills discounting activities at terms favourable than the market. Due to a decline of the market interest rates, these financing arrangements had been gradually reduced during the year.

Basic earnings per share for the year ended 31 December 2015 was RMB4.92 cents, representing an increase of 40.6% as compared to previous year, whereas, earnings per share on diluted basis was RMB4.83 cents, representing an increase of 38.8%. Respective earnings per share for the year ended 31 December 2014 were adjusted for comparison purpose as a result of the completion of the Open Offer (as defined and detailed below) in July 2015.

Consolidated Statement of Financial Position

As at 31 December 2015, total assets and total liabilities of the Group stood at RMB11,637,552,000 and RMB9,747,892,000 respectively.

Non-current assets amounted to RMB2,951,688,000 comprised mainly property, plant and equipment, prepaid lease payments and deposits paid for acquisition of non-current assets, interests in joint ventures, etc.

Current assets amounted to RMB8,685,864,000 comprised mainly inventories of RMB1,778,552,000, trade and other receivables and bill receivables discounted with recourse of RMB5,007,701,000 (inclusive of advances drawn on bills receivable discounted with recourse amounting to RMB887,215,000), cash and bank balances (inclusive of pledged bank deposits) of RMB1,893,523,000. Amount due from SGMW, a related company and a key customer in the engines and automotive components businesses of the Group amounted to RMB2,666,890,000 was recorded as trade and other receivables in the statement of financial position. These receivables balances were subject to normal commercial settlement terms. Total cash and bank balances amounted to RMB1,893,523,000, in which RMB718,130,000 were pledged bank deposits to secure the banking facilities offered to the Group. Overall, the Group had cash (inclusive of pledged bank deposits) net of bank borrowings (inclusive of advances drawn on bills receivable discounted with recourse) amounting to RMB1,008,752,000 as at 31 December 2015.

Current liabilities amounted to RMB9,521,367,000, comprised mainly trade and other payables of RMB8,397,991,000, provision for warranty of RMB151,353,000, tax payable of RMB58,644,000 and bank borrowings — due within one year of RMB884,771,000, which included advances drawn on bills receivables discounted with recourse of RMB881,876,000. The corresponding bills receivables discounted with recourse to these advances amounting to RMB887,215,000 were recorded as trade and other receivables which would be offset against upon maturity.

The Group recorded net current liabilities of RMB835,503,000 as at 31 December 2015, which was increased as compared to the net current liabilities of RMB648,070,000 as at 31 December 2014.

Non-current liabilities amounted to RMB226,525,000 comprised mainly amounts due to Guangxi Automobile of RMB191,314,000, deferred income of RMB18,272,000 and deferred tax liabilities of RMB16,939,000.

Liquidity and Capital Structure

The operating activities of the Group continued to register a net cash inflow for the year ended 31 December 2015. Meanwhile, the investing activities of the Group remained in a net cash outflow situation for the year ended 31 December 2015 due to the on-going expansion and upgrading projects implemented by the Group.

The investing activities were partly satisfied by the financing activities of the Group through bank borrowings and the bills receivables discounted. The Group considers bill discounting activities an effective means of financing available to the Group during the year in terms of finance cost consideration. The outstanding advances drawn on bills receivables discounted with recourse as at 31 December 2015 were RMB881,876,000 which was increased as compared to the corresponding balances as at 31 December 2014.

To contain finance costs of the Group, Guangxi Automobile provided various sources of finance to the Group through borrowings and/or bills discounting activities at terms favourable than the market. Due to a decline of the market interest rates, these financing arrangements had been gradually reduced during the year. Such changes had also given rise to the increase in the outstanding advances drawn on bills receivables discounted with recourse as abovementioned.

As at 31 December 2015, total cash and bank balances maintained by the Group amounted to RMB1,893,523,000, in which RMB718,130,000 were pledged bank deposits to secure the banking facilities offered to the Group. The increase in pledged bank deposits as compared to corresponding balances as at 31 December 2014 was in line with the increase in outstanding advances drawn on bills receivables discounted with recourse as abovementioned.

The Group's bank borrowings (inclusive of advances drawn on bills receivable discounted with recourse) increased from RMB533,264,000 as at 31 December 2014 to RMB884,771,000 as at 31 December 2015 due to the increase in outstanding advances drawn on bills receivables discounted with recourse as abovementioned.

Bank borrowings other than advances drawn on bills receivables discounted with recourse amounted to RMB2,895,000 as at 31 December 2015, which was substantially decreased as compared to the corresponding balances as at 31 December 2014.

At 31 December 2015, the Group had a gearing ratio of 46.8% calculated based on the Group's total bank borrowings (inclusive of advances drawn on bills receivables discounted with recourse) and the Group's net assets, which was increased as compared to the gearing ratio as recorded at 31 December 2014.

Issued capital increased from RMB5,627,000 as at 31 December 2014 to RMB6,600,000 as at 31 December 2015. The increase was due to the completion of the Open Offer (as defined and detailed below) during the year.

The Company will closely monitor the financial and liquidity position of the Group, as well as the situation of the financial market from time to time in arriving as an appropriate financing strategy for the Group.

Total shareholders' equity comprised primarily share premium, the PRC general reserve, contributed surplus, capital reserve, other reserves and retained profits, amounted to RMB1,041,513,000 as at 31 December 2015. Net asset value per share was RMB57.2 cents as at 31 December 2015.

Open Offer and Additional Capital Injection into Wuling Industrial

On 18 June 2015, the Company announced an open offer of not less than 303,598,595 but not more than 311,391,824 shares of the Company ("Shares") to the shareholders on the basis of one offer share for every five Shares held on 8 July 2015 at HK$0.70 per Share (the "Open Offer"), details of which were disclosed in the Company's prospectus dated 9 July 2015, in which Wuling (Hong Kong) Holdings Limited, the controlling shareholder of the Company acted as the underwriter. According to the prospectus, net proceeds from the Open Offer was estimated to be approximately HK$210.02 million (equivalent to approximately RMB168.02 million, where the Company planned to inject cash of RMB160 million as capital on a non pro-rata basis into our non-wholly-owned subsidiary, Wuling Industrial aiming at further strengthening its financial position and to provide the funding for its various expansion and enhancement projects. The Open Offer was completed on 30 July 2015 where a total number of 303,598,595 new Shares were issued by the Company, which helped to further strengthen our capital base.

On 3 December 2015, the Company entered into a capital increase agreement with Guangxi Automobile, our ultimate controlling shareholder, and Wuling Industrial, our non-wholly-owned subsidiary, pursuant to which the Company agreed to contribute, on a non pro-rata basis, an additional sum of RMB160,000,000 in cash to Wuling Industrial, of which RMB82,580,646 would be contributed to the registered capital of Wuling Industrial and RMB77,419,354 would be contributed to the capital reserves of Wuling Industrial ("WI Capital Increase"). Upon completion of the WI Capital Increase, the registered capital of Wuling Industrial would be increased by approximately 8.6022% and the Company's equity interest in Wuling Industrial on an enlarged basis would be increased to approximately 54.86%, whereas, the remaining 45.14% was owned by Guangxi Automobile. The Company financed its contribution towards the WI Capital Increase from the net proceeds from the Open Offer as abovementioned. Details of the WI Capital Increase were disclosed in the Company's announcement dated 3 December 2015 and the Company's circular dated 24 December 2015. The WI Capital Increase constituted a connected transaction under Chapter 14A of the Listing Rules, pursuant to which independent shareholders' approval was obtained in the special general meeting of the Company held on 14 January 2016. Completion of the WI Capital Increase was taken place in February 2016.

DIVIDEND

The Board recommends the payment of a final dividend of HKD0.75 cent per ordinary share (2014: HKD0.5 cent) in respect of the year ended 31 December 2015 (the "Final Dividend") to shareholders whose names appear on the register of members of the Company on Wednesday, 15 June 2016. Subject to the approval by the shareholders of the Final Dividend at the forthcoming annual general meeting of the Company to be held on Thursday, 2 June 2016 (the "2016 AGM"), dividend warrants of the Final Dividend will be dispatched to shareholders of the Company on or about 30 June 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 31 May 2016 to Thursday, 2 June 2016, both dates inclusive for the purpose of determining the shareholders of the Company's eligibility to attend and vote at the 2016 AGM and during which period no transfer of shares of the Company will be effected. In order to qualify for attendance of the 2016 AGM, all completed transfer forms accompanied by the relevant share certificates of the Company must be lodged with the Company's branch share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong ("Tricor Office"), not later than 4:30 p.m. on Monday, 30 May 2016. The time and venue of the 2016 AGM will be advised in due course.

The register of members of the Company will be closed from Monday, 13 June 2016 to Wednesday, 15 June 2016 (both days inclusive), for the purpose of determining shareholders of the Company's entitlement to the Final Dividend and during which period no transfer of shares of the Company will be effected. In order to qualify for the Final Dividend, all completed transfer forms accompanied by the relevant share certificates of the Company must be lodged with the Company's branch share registrar, Tricor Tengis Limited, Tricor Office, not later than 4:30 p.m. on Friday, 10 June 2016.

PURCHASE, REDEMPTION AND SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2015 (2014: Nil).

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of good corporate governance to the Company's healthy growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the Company's needs. During the year ended 31 December 2015, the Company has applied and complied with the Code on Corporate Governance ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange sets out the principles of good corporate governance and the code provisions as set out in the CG Code.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Own Code") on terms no less exacting than the Model Code for Securities Transaction by Directors of Listed Issuers, as amended from time to time, (the "Model Code") as set out in appendix 10 to the Listing Rules.

Specific enquiry has been made to all of the directors of the Company. All of them have confirmed that they have complied with the Own Code and the Model Code throughout the year.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee"), comprising the three independent non-executive directors of the Company, namely Mr. Ye Xiang (the Chairman), Mr. Zuo Duofu and Mr. Wang Yuben, has been established in accordance with the requirements of the CG Code, for the purpose of reviewing and providing, inter alia, supervision over the Group's financial reporting processes and internal control system. The terms of reference of the Audit Committee are disclosed on the websites of the Company and Hong Kong Exchange and Clearing Limited respectively.

The Audit Committee reviewed the accounting principles and practices adopted by the Company for the year ended 31 December 2015 before such documents were tabled for the Board's review and approval, discussed matters relating to audit, internal control system and financial reporting processes and reviewed the audited financial statements for the year ended 31 December 2015 of the Group. The Audit Committee is of the opinion that such documents complied with all the applicable accounting standards, the Listing Rules and other applicable legal requirements and that adequate disclosures have been made, if required.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2015. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2015 containing all information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of Hong Kong Exchange and Clearing Limited at www.hkexnews.hk and the Company at www.wuling.com.hk in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Wei Hongwen (Chairman), Mr. Lee Shing (Vice-chairman and Chief Executive Officer), Mr. Sun Shaoli, Mr. Zhong Xianhua, and Ms. Liu Yaling as executive Directors and Mr. Zuo Duofu, Mr. Ye Xiang and Mr. Wang Yuben as independent non-executive Directors.

On behalf of the Board
Wei Hongwen
Chairman

Hong Kong, 24 March 2016