WEICHAI

濰柴動力股份有限公司
WEICHAI POWER CO., LTD.

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

(Stock Code: 2338)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

- Revenue was approximately RMB73,720 million, representing a decrease of approximately 7.4%.
- Net Profit Attributable to the Shareholders of the Parent was approximately RMB1,391 million, representing a decrease of approximately 72.2%.
- Basic Earnings Per Share was approximately RMB0.35, representing a decrease of approximately 72.0%.

(Important notice: This announcement is published in Chinese and English versions. In case of inconsistency, the Chinese version shall prevail.)

The board of directors (the "Board") of Weichai Power Co., Ltd. (the "Company") is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (the "Group") prepared in accordance with the Mainland Accounting Standards for the year ended 31 December 2015 (the "Year"), together with comparative figures for the corresponding period of 2014 as follows:

CONSOLIDATED INCOME STATEMENT

January to December 2015 (Expressed in Renminbi Yuan)

	Notes	**2015**	2014
Revenue	*7*	**73,719,915,760.01**	79,637,161,537.13
Less: Cost of sales	*7*	**56,760,116,064.47**	62,618,910,510.49
Taxes and surcharges	*8*	**184,072,487.97**	266,085,495.56
Distribution and selling expenses		**6,246,169,457.81**	5,092,578,585.64
General and administrative expenses		**7,173,821,367.35**	6,426,873,646.46
Finance expenses		**485,837,186.81**	23,084,727.66
Impairment loss of assets		**383,379,700.70**	275,398,913.11
Add: Gain or loss on change of fair value		**(23,353,073.10)**	(156,271,038.41)
Investment income		**114,954,618.74**	1,714,840,638.18
Incl: investment income from associates and jointly controlled enterprises		**32,180,889.65**	103,753,902.61
Operating profit		**2,578,121,040.54**	6,492,799,257.98
Add: Non-operating income		**693,623,096.77**	509,921,941.27
Incl: Gain on disposal of non-current assets		**66,967,177.83**	40,801,757.28
Less: Non-operating expenses		**188,324,265.84**	134,273,707.02
Incl: Loss on disposal of non-current assets		**26,387,889.76**	57,486,612.73
Total profit		**3,083,419,871.47**	6,868,447,492.23
Less: Income tax expenses	*9*	**920,745,741.27**	1,150,243,529.42
Net profit		**2,162,674,130.20**	5,718,203,962.81
Net profit attributable to the shareholders of the parent		**1,390,576,941.23**	5,002,427,212.65
Minority interests		**772,097,188.97**	715,776,750.16
Earnings per share			
Basic earnings per share	*10*	**0.35**	1.25
Diluted earnings per share		**0.35**	1.25

	Notes	2015	2014
Net other comprehensive income after tax			
Net other comprehensive income attributable to shareholders of the parent after tax	*11*	**(114,022,771.09)**	(370,524,964.48)
Those other comprehensive income not to be reclassified into profit or loss in subsequent periods			
Changes arising from re-measuring net assets or net liabilities of defined benefit plan		**18,752,496.53**	(308,340,448.45)
Share of investee's other comprehensive income not to be reclassified into profit or loss using the equity method		**5,240,567.93**	(162,692,384.76)
Those other comprehensive income to be reclassified into profit or loss			
Share of investee's other comprehensive income to be reclassified into profit or loss using the equity method		**7,779,405.56**	64,610,512.58
Change of fair value of available-for-sale financial assets		**2,380,000.00**	39,440,000.00
Effective portion of cashflow from hedging instrument		**10,823,089.03**	(6,420,300.47)
Exchange differences on foreign currency translation		**(158,998,330.14)**	2,877,656.62
Net other comprehensive income attributable to minority owners after tax		**(15,335,441.49)**	(1,042,984,578.07)
Total comprehensive income		**2,033,315,917.62**	4,304,694,420.26
Incl:			
Total comprehensive income attributable to the shareholders of the parent		**1,276,554,170.14**	4,631,902,248.17
Total comprehensive income attributable to minority owners		**756,761,747.48**	(327,207,827.91)

CONSOLIDATED BALANCE SHEET
31 December 2015 (Expressed in Renminbi Yuan)

ASSETS	*Notes*	**31 December 2015**	31 December 2014
Current assets			
Cash and cash equivalents		**24,601,345,959.52**	24,434,414,214.89
Financial assets at fair value through profit or loss		**37,867,082.40**	66,996,021.60
Notes receivable	*3*	**8,927,939,101.91**	13,780,880,376.52
Accounts receivable	*4*	**8,976,615,257.47**	9,660,031,602.65
Prepayments		**401,642,433.45**	487,985,072.32
Interests receivable		**53,906,611.07**	134,246,230.24
Dividends receivable		**6,480,000.00**	3,040,000.00
Other receivables		**645,771,489.45**	871,642,626.76
Inventories		**11,841,614,673.51**	12,614,740,002.08
Classified as available-for-sale assets		**–**	35,770,735.32
Non-current assets due within one year		**1,289,424,886.40**	1,509,870,834.00
Other current assets		**970,236,409.05**	772,177,588.25
Total current assets		**57,752,843,904.23**	64,371,795,304.63
Non-current assets			
Available-for-sale financial assets		**650,293,280.51**	431,617,288.51
Long-term receivables		**3,348,884,733.60**	2,574,098,089.20
Long-term equity investments		**1,447,150,166.18**	1,477,725,658.30
Investment property		**588,890,842.52**	522,163,315.32
Fixed assets		**23,665,762,793.11**	23,509,392,694.25
Construction in progress		**2,589,410,278.91**	3,421,243,155.61
Materials used in construction		**1,200.00**	2,692.31
Disposal of fixed assets		**1,846,883.91**	1,965,332.73
Intangible assets		**12,860,379,962.34**	13,842,471,750.91
Development expenditure		**466,068,766.97**	533,706,390.76
Goodwill		**7,786,251,491.45**	7,774,054,477.18
Long-term prepaid expenses		**314,381,969.58**	168,785,139.70
Deferred tax assets		**3,152,666,737.05**	3,453,989,113.43
Other non-current assets		**248,554,796.59**	172,564,779.00
Total non-current assets		**57,120,543,902.72**	57,883,779,877.21
Total assets		**114,873,387,806.95**	122,255,575,181.84

LIABILITIES AND EQUITY	*Notes*	**31 December 2015**	31 December 2014
Current liabilities			
Short-term loans		**2,961,108,213.46**	2,765,864,402.35
Financial liabilities at fair value through profit or loss		**92,014,803.10**	76,807,591.20
Notes payable	*5*	**5,283,915,078.21**	10,867,683,844.51
Accounts payable	*6*	**14,264,753,447.71**	15,922,080,225.78
Advances from customers		**1,637,474,054.56**	1,479,206,814.82
Payroll payable		**3,129,536,423.85**	3,115,024,045.45
Taxes payable		**1,235,566,698.13**	1,249,956,877.43
Interests payable		**208,738,518.56**	196,311,317.66
Dividends payable		**5,129,313.52**	34,772,276.45
Other payables		**3,786,905,225.80**	4,235,819,685.51
Non-current liabilities due within one year		**5,246,338,509.59**	5,634,124,985.20
Other current liabilities		**2,018,326,655.18**	2,482,364,929.13
Total current liabilities		**39,869,806,941.67**	48,060,016,995.49
Non-current liabilities			
Long-term borrowings		**7,283,743,346.45**	7,271,880,584.20
Bonds payable		**5,985,529,194.60**	5,834,582,252.32
Long-term payables		**6,604,099,856.80**	5,185,606,146.40
Long-term payroll payable		**6,928,175,204.92**	7,073,983,911.20
Special payables		**43,000,000.00**	43,000,000.00
Provision		**286,177,796.80**	444,249,381.60
Deferred income		**2,279,402,483.75**	1,983,761,896.93
Deferred tax liabilities		**3,825,631,719.50**	4,384,956,540.33
Other non-current liabilities		**41,337,675.89**	31,649,140.04
Total non-current liabilities		**33,277,097,278.71**	32,253,669,853.02
Total liabilities		**73,146,904,220.38**	80,313,686,848.51

LIABILITIES AND EQUITY	*Notes*	**31 December 2015**	31 December 2014
Shareholders' equity			
Share capital		**3,998,619,278.00**	1,999,309,639.00
Capital reserve		**27,883,109.16**	1,288,252,938.51
Other comprehensive income		**(502,508,673.78)**	(388,485,902.69)
Special reserve		**78,839,437.56**	51,026,772.11
Surplus reserve		**1,207,988,900.22**	3,051,742,591.19
Retained earnings		**26,918,633,619.95**	26,397,531,915.03
Total equity attributable to the shareholders of the parent		**31,729,455,671.11**	32,399,377,953.15
Minority interests		**9,997,027,915.46**	9,542,510,380.18
Total shareholders' equity		**41,726,483,586.57**	41,941,888,333.33
Total liabilities and shareholders' equity		**114,873,387,806.95**	122,255,575,181.84

1. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Preparation basis of the financial statements

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises-Basic Standard and specific accounting standards, implementation guidance, interpretations and other relevant provisions issued and amended subsequently by the Ministry of Finance (the "MOF") (collectively referred to as "Accounting Standards for Business Enterprises").

The financial statements are presented on a going concern basis.

In preparing these financial statements, all the assets (other than certain financial instruments) are carried at historical cost. Non-current assets classified as held-for-sale and assets under disposal group classified as held-to-sale are carried at the lower of fair value less foreseeable expenses or original carrying amount upon satisfying conditions for held-for-sale. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant provisions.

2. Business combination

A business combination is a transaction or event that brings together two or more separate entities into one reporting entity. Business combinations are classified into business combinations involving entities under common control and business combinations not involving entities under common control.

Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For a business combination involving entities under common control, the party that, on the combination date, obtains control of another entity participating in the combination is the absorbing party, while that other entity participating in the combination is a party being absorbed. Combination date is the date on which the absorbing party effectively obtains control of the party being absorbed.

Assets and liabilities that are obtained by the absorbing party in a business combination involving entities under common control, including goodwill arising from the acquisition of the party being absorbed by the ultimate controller, shall be accounted for on the basis of the carrying amounts on the financial statements of the ultimate controller at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) shall be adjusted to share premium under capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combinations not involving entities under common control

A business combination not involving entities under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination. For a business combination not involving entities under common control, the party that, on the acquisition date, obtains control of another entity participating in the combination is the acquirer, while that other entity participating in the combination is the acquiree. Acquisition date refers to the date on which the acquirer effectively obtains control of the acquiree.

The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination not involving entities under common control at their fair values on the acquisition date.

The excess of the sum of the consideration paid (or equities securities issued) for business combination and equity interests in the acquiree held prior to the date of acquisition over the share of the attributable net identifiable assets of the acquiree, measured at fair value, was recognized as goodwill, which is subsequently measured at cost less cumulative impairment loss.

In case the fair value of the sum of the consideration paid (or equities securities issued) and equity interests in the acquiree held prior to the date of acquisition is less than the fair value of the share of the attributable net identifiable assets of the acquiree, a review of the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities, the consideration paid for the combination (or equity securities issued) and the equity interests in the acquiree held prior to the date of acquisition is conducted. If the review indicates that the fair value of the sum of the consideration paid (or equities securities issued) and equity interests in the acquiree held prior to the date of acquisition is indeed less than the fair value of the share of the attributable net identifiable assets of the acquiree, the difference is recognized in current profit or loss.

For a business combination involving enterprises not under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its fair value at the acquisition date. The difference between the fair value and the carrying amount is recognized as investment income for the current period; the amount recognized in other comprehensive income using the equity method and relating to the previously-held equity interest in the acquiree shall be accounted for in accordance with the same accounting treatment for direct disposal of relevant asset or liability by investee. Movement of other owners' equity (excluding net profit or loss, other comprehensive income and profit distribution) shall be transferred to profit or loss for the current period to which the acquisition date belongs.

3. Consolidated financial statements

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements for the year ended 31 December 2015 of the Company and all of its subsidiaries. A subsidiary is an entity that is controlled by the Company, including separable parts of an enterprise or investee and structured entities controlled by the Company etc.

In preparation of consolidated financial statements, the subsidiaries use the same accounting period and accounting policies as those of the Company. When the accounting policies of a subsidiary are different from those of the Company, the Company shall make adjustments to the financial statements of the subsidiary based on its own accounting policies. All intra-group assets, liabilities, interests, income, expenses and cash flow are eliminated in full on consolidation in full.

Where the amount of losses of a subsidiary attributable to the minority shareholders in the current period exceeds their share of the opening balance of owner's equity of the subsidiary, the excess shall be allocated against minority interests.

For subsidiaries acquired through business combinations not involving entities under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements, from the day on which the Group gains control, till the Group ceases the control of it. While preparing the consolidated financial statements, the acquirer shall adjust the subsidiary's financial statements, on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities recognized on the acquisition date.

For subsidiaries acquired through business combinations involving entities under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements from the beginning of the period in which the combination occurs. While preparing the comparative consolidated financial statements, adjustments are made to related items in the financial statements for the prior period as if the reporting entity established through combination has been existing since the ultimate controller begins to exercise control.

The Group's control over an investee is re-assessed if change in relevant facts and situations causes changes in one or more of the control substances.

Where there is no loss of control, the change in minority interests is accounted for as equity transaction.

2. SEGMENT REPORTING

Operating segments

The Group organizes and manages its operating business in accordance with the nature of business and provision of products and services. Each operating segment of the Group is one operating group, providing products and services with risks and rewards different from those of other operating segments.

The details of operating segments are as follows:

(a) manufacturing and sale of diesel engines and related parts ("Diesel engines");

(b) manufacturing and sale of automobiles and major automobile components other than diesel engines ("Automobiles and other major automobile components");

(c) manufacturing and sale of other automobile components ("Other components");

(d) provision of import and export services ("Import & export services");

(e) Forklift trucks production and warehousing technology services ("Forklift trucks and warehouses technology services").

Management monitors the results of operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted total profits. The adjusted total profits are measured consistently with the Group's total profits, except that interest income, finance expenses, investment income, dividend income, gains from changes in fair value of financial instruments as well as head office expenses are excluded from such measurement.

Other than Forklift trucks and warehouses technology services, segment assets exclude equity investments at fair value through profit or loss for the current period, derivative instruments, dividends receivable, interests receivable, available-for-sale financial assets, long-term equity investments, goodwill, deferred tax assets and other unallocated head office assets as these assets are managed on a group basis.

Other than Forklift trucks and warehouses technology services, segment liabilities exclude derivative instruments, borrowings, income tax payable, deferred tax liabilities and other unallocated head office liabilities as these liabilities are managed on a group basis.

Inter-segment transfers are transacted with reference to the prices used in the transactions carried out with third parties.

	Diesel engines	Automobiles and other major automobile components	Other components	Import & export services	Forklift trucks and warehouses technology services	Total
2015						
Segment revenue:						
Sale to external customers	13,408,917,359.45	22,887,613,239.38	1,807,881,511.76	127,424,155.42	35,488,079,494.00	73,719,915,760.01
Inter-segment sale	3,533,770,893.28	–	1,077,699,078.69	31,013,683.48	–	4,642,483,655.45
Total	16,942,688,252.73	22,887,613,239.38	2,885,580,590.45	158,437,838.90	35,488,079,494.00	78,362,399,415.46
Adjustment:						
Elimination of inter-segment sale						(4,642,483,655.45)
Revenue						73,719,915,760.01
Segment results	1,481,776,361.33	(504,145,202.40)	(25,040,400.31)	(60,423,337.86)	1,948,589,164.00	2,840,756,584.76
Adjustment:						
Elimination of inter-segment results						108,247,023.85
Interest income						912,415,114.05
Dividend income and unallocated income						808,577,715.51
Corporate and other unallocated expenses						(188,324,265.84)
Finance expenses						(1,398,252,300.86)
Profit before tax						3,083,419,871.47
31 December 2015						
Segment assets	20,144,034,231.81	21,676,364,487.36	11,614,982,630.41	6,591,253,116.32	36,464,314,470.54	96,490,948,936.44
Adjustment:						
Elimination of inter-segment receivables						(10,021,867,106.57)
Corporate and other unallocated assets						28,404,305,977.08
Total assets						114,873,387,806.95
Segment liabilities	9,503,905,610.43	15,581,716,794.59	7,657,624,815.18	674,649,449.64	22,685,780,958.40	56,103,677,628.24
Adjustment:						
Elimination of inter-segment payables						(8,864,846,861.18)
Corporate and other unallocated liabilities						25,908,073,453.32
Total liabilities						73,146,904,220.38
2015						
Other segment information:						
Share of profit and loss from:						
Gain/(loss) from associates	(16,196,195.63)	(31,255,022.41)	–	220,916.88	79,411,190.81	32,180,889.65
Reversal/(loss) of impairment of inventories	(14,774,025.89)	(104,622,784.83)	(655,959.45)	(975,889.61)	(54,484,424.00)	(175,513,083.78)
Reversal/(loss) of impairment of accounts receivable and other receivables	2,118,394.74	(115,553,763.24)	(1,470,852.97)	(184,320.82)	(57,519,826.00)	(172,610,368.29)
Depreciation and amortization	(833,549,441.67)	(956,977,770.10)	(184,200,238.47)	(25,782,852.69)	(3,361,092,994.00)	(5,361,603,296.93)
Gain/(loss) from disposal of fixed assets	12,751,114.75	4,955,150.73	(138,404.29)	167.78	(2,771,454.00)	14,796,574.97
Gain/(loss) from disposal of intangible assets	–	1,252,463.67	–	–	–	1,252,463.67
Investment in associates and jointly controlled enterprises	516,578,752.01	500,760,648.66	–	34,876,194.36	394,934,571.15	1,447,150,166.18
Capital expenditure	(1,008,141,279.17)	(979,399,961.35)	(346,202,610.29)	(8,895,732.77)	(4,708,860,104.00)	(7,051,499,687.58)

	Diesel engines	Automobiles and other major automobile components	Other components	Import & export services	Forklift trucks and warehouses technology services	Total
2014						
Segment revenue:						
Sale to external customers	22,352,005,854.29	34,617,401,072.71	2,575,530,008.25	117,043,378.48	19,975,181,223.40	79,637,161,537.13
Inter-segment sale	5,519,944,215.22	–	671,852,933.36	64,352,197.44	–	6,256,149,346.02
Total	27,871,950,069.51	34,617,401,072.71	3,247,382,941.61	181,395,575.92	19,975,181,223.40	85,893,310,883.15
Adjustment:						
Elimination of inter-segment sale						(6,256,149,346.02)
Revenue						79,637,161,537.13
Segment results	3,899,654,417.48	550,373,138.89	(457,815,504.97)	(78,357,900.15)	927,226,930.42	4,841,081,081.67
Adjustment:						
Elimination of inter-segment results						(40,037,734.21)
Interest income						689,235,642.69
Dividend income and unallocated income						2,224,762,579.45
Corporate and other unallocated expenses						(134,273,707.02)
Finance expenses						(712,320,370.35)
Profit before tax						6,868,447,492.23
31 December 2014						
Segment assets	23,787,954,274.27	25,042,687,064.62	10,832,401,075.39	6,863,237,159.04	37,296,351,149.62	103,822,630,722.94
Adjustment:						
Elimination of inter-segment assets						(9,149,530,927.93)
Corporate and other unallocated assets						27,582,475,386.83
Total assets						122,255,575,181.84
Segment liabilities	15,073,020,200.65	18,109,778,638.28	8,715,284,039.39	506,589,743.46	21,323,858,482.80	63,728,531,104.58
Adjustment:						
Elimination of inter-segment liabilities						(9,752,792,127.56)
Corporate and other unallocated liabilities						26,337,947,871.49
Total liabilities						80,313,686,848.51
2014						
Other segment information:						
Share of profit and loss from:						
Gain/(loss) from associates	16,070,619.10	(23,575,307.77)	104,169,269.65	95,807.40	6,993,514.23	103,753,902.61
Reversal/(loss) of impairment of inventories	(8,250,487.20)	(120,536,316.63)	(2,180,897.06)	–	(5,394,042.20)	(136,361,743.09)
Reversal/(loss) of impairment of accounts receivable and other receivables	(43,931,435.50)	(33,285,778.73)	(1,875,484.57)	(65,576.21)	(12,711,036.00)	(91,869,311.01)
Depreciation and amortization	(855,720,317.51)	(917,800,116.00)	(241,037,473.29)	(24,386,074.73)	(1,882,977,021.40)	(3,921,921,002.93)
Gain/(loss) from disposal of fixed assets	(6,187,452.49)	(3,960,408.66)	(2,655,391.20)	(12,770.22)	(11,252,526.10)	(24,068,548.67)
Gain/(loss) from disposal of intangible assets	–	9,364,521.04	–	–	–	9,364,521.04
Investment in associates and jointly controlled enterprises	566,232,838.21	496,964,667.41	–	38,052,091.16	376,476,061.52	1,477,725,658.30
Capital expenditure	(676,350,418.93)	(1,261,493,815.89)	(83,162,227.41)	(225,259,239.34)	(898,930,592.22)	(3,145,196,293.79)

Group information

Information about products and services

Revenue from external transactions

	2015	2014
Complete vehicles and key components	**26,303,249,484.95**	41,577,364,709.03
Non-automobile engines	**4,067,451,221.01**	6,844,525,380.52
Other non-major automobile components	**4,409,349,371.17**	7,599,241,489.76
Forklift trucks and warehouses technology services	**35,488,079,494.00**	19,975,181,223.40
Others	**3,451,786,188.88**	3,640,848,734.42
	73,719,915,760.01	79,637,161,537.13

Geographic information

Revenue from external transactions

	2015	2014
China	**33,524,552,981.01**	59,330,023,220.86
Other countries and regions	**40,195,362,779.00**	20,307,138,316.27
	73,719,915,760.01	79,637,161,537.13

Revenue from external transactions is attributable to the areas where customers are located.

Total non-current assets

	31 December 2015	31 December 2014
China	**18,602,442,914.02**	19,313,448,073.29
Other countries and regions	**31,347,383,005.54**	32,106,444,721.18
	49,949,825,919.56	51,419,892,794.47

Non-current assets are attributable to the areas where the assets are located, excluding financial assets and deferred tax assets.

Information about major customers

Revenue of RMB1,856,614,955.55 (2014: RMB7,577,060,161.55) was derived from sales by Diesel engines segment and Automobiles and other major automobile components segment to a single customer, including sales to a group of entities which are known to be under common control by that customer.

3. NOTES RECEIVABLE

	31 December 2015	31 December 2014
Bank acceptance bills	**8,889,644,101.91**	13,755,776,821.57
Commercial acceptance bills	**38,295,000.00**	25,103,554.95
	8,927,939,101.91	13,780,880,376.52

Notes receivable that were pledged are presented as follows:

	2015	2014
Bank acceptance bills	**2,511,424,512.27**	6,557,183,926.52

Notes receivable which had been endorsed but not yet expired as at the balance sheet date are presented as follows:

	2015		2014	
	Derecognition	**No derecognition**	Derecognition	No derecognition
Bank acceptance bills	**2,818,049,462.43**	**–**	5,949,044,609.33	–
Commercial acceptance bills	**–**	**6,893,000.00**	–	–
	2,818,049,462.43	**6,893,000.00**	5,949,044,609.33	–

Notes receivable already discounted but not yet expired as at the balance sheet date are presented as follows:

	2015		2014	
	Derecognition	**No derecognition**	Derecognition	No derecognition
Bank acceptance bills	**44,487,805.36**	**–**	5,091,035.29	–

As at 31 December 2015 and 31 December 2014, the Group has not transferred any notes into accounts receivable due to issuers' failure in performance.

4. ACCOUNTS RECEIVABLE

The Group trades with its customers primarily on credit terms, and generally requires prepayments or cash on delivery for new customers. Credit period is generally one to six months, extending up to six months for major customers. Accounts receivable is non-interest bearing.

An aging analysis of accounts receivable based on invoice dates is presented as follows:

	31 December 2015	31 December 2014
Within 3 months	**6,290,591,613.03**	7,475,330,179.05
3 to 6 months	**1,129,878,742.44**	918,479,917.73
6 months to 1 year	**950,444,076.45**	949,566,440.38
1 to 2 years	**696,424,083.66**	340,718,426.91
2 to 3 years	**230,497,732.65**	113,710,835.72
Over 3 years	**614,417,642.49**	684,646,310.69
	9,912,253,890.72	10,482,452,110.48
Less: provision for bad debt in respect of accounts receivable	**935,638,633.25**	822,420,507.83
	8,976,615,257.47	9,660,031,602.65

Changes in provision for bad debts of accounts receivable are presented as follows:

	31 December 2015	31 December 2014
Opening balance	**822,420,507.83**	728,922,061.65
Provision for the year	**203,708,335.20**	134,945,691.88
Reversed for the year	**(50,608,404.25)**	(40,482,285.79)
Write-off for the year	**(21,585,116.22)**	(1,360,790.35)
Decrease upon disposal of subsidiaries	**(15,135,439.48)**	–
Adjustment for exchange differences	**(3,161,249.83)**	395,830.44
Closing balance	**935,638,633.25**	822,420,507.83

	31 December 2015			
	Gross carrying amount	**Proportion** *(%)*	**Provision for bad debt**	**Percentage** *(%)*
Individually significant items for which provision for bad debt is recognized separately	**560,344,327.43**	**5.65**	**348,742,189.60**	**62.24**
Items for which provision for bad debt is recognized by group with distinctive credit risk characteristics	**9,118,579,029.38**	**91.99**	**481,566,211.39**	**5.28**
Not individually significant items for which provision for bad debt is recognized separately	**233,330,533.91**	**2.36**	**105,330,232.26**	**45.14**
	9,912,253,890.72	**100.00**	**935,638,633.25**	

	31 December 2014			
	Gross carrying amount	Proportion (%)	Provision for bad debt	Percentage (%)
Individually significant items for which provision for bad debt is recognized separately	613,010,848.57	5.85	309,797,447.50	50.54
Items for which provision for bad debt is recognized by group with distinctive credit risk characteristics	9,462,787,340.55	90.27	437,475,207.60	4.62
Not individually significant items for which provision for bad debt is recognized separately	406,653,921.36	3.88	75,147,852.73	18.48
	10,482,452,110.48	100.00	822,420,507.83	

As at 31 December 2015, individually significant items for which provision for bad debt is recognized separately are presented as follows:

	Gross carrying amount	Provision for bad debt	Percentage	Reasons
Shanxi Tong Tai Automobile Sales Services Co., Ltd	56,927,140.00	51,234,426.00	90%	Long credit age
OOO SHANKSIRUS	50,219,167.38	12,554,791.85	25%	Long credit age
Guangzhou Jinqi Trading Company Limited	49,159,575.31	49,159,575.31	100%	Bad repayment ability
Shaanxi Rong Chang Yuan Trading Co., Ltd	43,173,316.66	38,855,984.99	90%	Not full coverage of preservation
Anhui Anyu Engineering Machinery Sales Co., Ltd	42,763,993.80	17,105,597.52	40%	Bad repayment ability
Hubei Aoma Special Automobile Co., Ltd.	42,054,011.99	8,410,802.40	20%	Legal actions in progress
Dalian Shaanxi Automobile Sales Co., Ltd	40,513,268.59	32,410,614.87	80%	Bad repayment ability
RITA VO CO., LTD (Vietnam)	38,124,056.16	190,620.28	1%	No recourse by banks, account receivable transferred
Hubei Space Shuanglong Special Purpose Vehicle Co., Ltd.	35,611,768.86	24,928,238.20	70%	Company dissolved
Nanjing Lerong Trading Company Limited	33,443,140.43	30,098,826.39	90%	Assets have been preserved
Others	128,354,888.25	83,792,711.79	65%	Cessation of business
	560,344,327.43	348,742,189.60		

As at 31 December 2014, individually significant items for which provision for bad debt is recognized separately are presented as follows:

	Gross carrying amount	Provision for bad debt	Percentage	Reasons
FAMIHAO LIMITADA	81,438,361.52	1,106,142.08	1%	Repayment from Sinosure and partially uncollectible
OOO SHANKSIRUS	61,907,184.06	1,118,175.20	2%	Partially uncollectible
China Civil Engineering Construction Corporation	61,195,995.97	36,717,597.58	60%	War in Libya
Shanxi Tong Tai Automobile Sales Services Co., Ltd	56,927,140.00	51,234,426.00	90%	Long credit age
Guangzhou Jinqi Trading Company Limited	49,159,575.31	39,327,660.25	80%	Bad repayment ability
Shaanxi Rong Chang Yuan Trading Co., Ltd	43,173,316.66	34,538,653.33	80%	Not full coverage of preservation
Anhui Anyu Engineering Machinery Sales Co., Ltd	42,763,993.80	17,105,597.52	40%	Bad repayment ability
Dalian Shaanxi Automobile Sales Co., Ltd	40,556,826.59	28,389,778.61	70%	Bad repayment ability
Nanjing Lerong Trading Company Limited	33,443,140.43	26,754,512.34	80%	Assets have been preserved
Datong City Yi Fu Commercial and Trading Co., Ltd	32,068,898.11	12,827,559.24	40%	Bad repayment ability
Others	110,376,416.12	60,677,345.35	55%	Cessation of business etc.
	613,010,848.57	309,797,447.50		

The Group's accounts receivable for which bad debts are provided for using aging analysis are presented as follows:

	31 December 2015				31 December 2014			
	Gross carrying amount	**Proportion (%)**	**Provision for bad debt**	**Percentage (%)**	Gross carrying amount	Proportion (%)	Provision for bad debt	Percentage (%)
Within 1 year	**3,546,476,131.73**	**82.11**	**162,932,787.49**	**4.59**	4,600,211,695.68	92.20	230,199,578.80	5.00
1 to 2 years	**461,362,586.78**	**10.68**	**66,345,372.22**	**14.38**	176,704,041.01	3.54	26,101,352.11	14.77
2 to 3 years	**141,481,172.05**	**3.28**	**42,454,296.62**	**30.01**	27,421,657.60	0.55	8,254,005.73	30.10
3 to 4 years	**16,179,303.99**	**0.38**	**8,081,230.12**	**49.95**	40,286,747.02	0.81	20,154,109.52	50.03
4 to 5 years	**24,292,305.44**	**0.56**	**19,433,844.35**	**80.00**	25,543,732.35	0.51	20,399,749.75	79.86
Over 5 years	**129,282,060.59**	**2.99**	**129,282,060.59**	**100.00**	119,348,934.09	2.39	119,348,934.09	100.00
	4,319,073,560.58	**100.00**	**428,529,591.39**	**9.92**	4,989,516,807.75	100.00	424,457,730.00	8.51

The Group's accounts receivable for which bad debts are provided for using overdue periods as credit risk profile are presented as follows:

	31 December 2015				31 December 2014			
	Gross carrying amount	**Proportion (%)**	**Provision for bad debt**	**Percentage (%)**	Gross carrying amount	Proportion (%)	Provision for bad debt	Percentage (%)
Within 1 year	**4,736,662,099.22**	**98.69**	**52,342,173.47**	**1.11**	4,473,270,532.80	100.00	13,017,477.60	0.29
1 to 2 years	**62,843,369.58**	**1.31**	**694,446.53**	**1.11**	–	–	–	–
	4,799,505,468.80	**100.00**	**53,036,620.00**	**1.11**	4,473,270,532.80	100.00	13,017,477.60	0.29

As at 31 December 2015, the top five balances in respect of accounts receivable had a total closing balance of RMB570,645,024.37, accounting for 5.76% of the total of closing balance of accounts receivable. The closing balance in respect of bad debt provided for the top five amounted to RMB37,960,889.31.

As at 31 December 2014, the top five balances in respect of accounts receivable had a total closing balance of RMB1,079,580,523.62, accounting for 10.31% of the total of closing balance of accounts receivable. The closing balance in respect of bad debt provided for the top five amounted to RMB37,976,081.31.

As at 31 December 2015, accounts receivable with carrying amount of RMB1,625,574,176.80 (31 December 2014: RMB1,758,522,549.60) was pledged for securing bank borrowings.

5. NOTES PAYABLE

	31 December 2015	31 December 2014
Bank acceptance bill	**5,134,597,401.53**	10,387,172,130.11
Commercial acceptance bills	**149,317,676.68**	480,511,714.40
Total	**5,283,915,078.21**	10,867,683,844.51

As at 31 December 2015, the Group had no notes payable which were due and outstanding (31 December 2014: Nil).

6. ACCOUNTS PAYABLE

Accounts payable are non-interest bearing, and are generally settled within three to four months.

	31 December 2015	31 December 2014
Accounts payable	**14,264,753,447.71**	15,922,080,225.78

As at 31 December 2015, the aging analysis of accounts payable based on the invoice date is presented as follows:

	31 December 2015	31 December 2014
Within 3 months	**11,553,551,744.40**	13,124,950,144.57
3 to 6 months	**1,360,496,788.05**	1,626,531,903.78
6 months to 1 year	**579,250,791.24**	507,083,580.55
Over 1 year	**771,454,124.02**	663,514,596.88
Total	**14,264,753,447.71**	15,922,080,225.78

As at 31 December 2015, there was no material accounts payable which aged over one year (31 December 2014: nil).

7. REVENUE AND COST OF SALES

Revenue includes turnover and other revenue that arise in the course of the Group's ordinary activities. The Group's turnover, which arises from the principal activities of the Group, represents the net invoiced value of goods sold, after allowances for returns, trade discounts and the value of services rendered; and gross rental income received and receivable from investment properties.

	2015		2014	
	revenue	**cost**	revenue	cost
Principal operations	**72,152,831,941.06**	**55,356,006,065.44**	77,321,314,368.87	60,554,272,694.61
Other revenue	**1,567,083,818.95**	**1,404,109,999.03**	2,315,847,168.26	2,064,637,815.88
	73,719,915,760.01	**56,760,116,064.47**	79,637,161,537.13	62,618,910,510.49

Revenue is listed as follows:

	2015	2014
Revenue from principal operations		
Sales of goods and others	**55,973,791,981.06**	68,277,379,662.47
Forklift truck service	**16,179,039,960.00**	9,043,934,706.40
	72,152,831,941.06	77,321,314,368.87
Other revenue		
Sales of materials	**879,549,322.57**	1,404,176,811.84
Sales of power	**32,688,495.82**	27,980,908.99
Lease income	**64,344,902.05**	84,288,504.32
Provision of non-industrial labour	**40,947,385.05**	36,166,037.74
Others	**549,553,713.46**	763,234,905.37
	1,567,083,818.95	2,315,847,168.26
	73,719,915,760.01	79,637,161,537.13

8. TAXES AND SURCHARGES

	2015	2014
Business tax	**7,815,133.98**	8,209,071.38
City construction tax	**87,428,194.92**	133,540,548.99
Educational surtax	**60,418,357.75**	96,696,052.78
Others	**28,410,801.32**	27,639,822.41
	184,072,487.97	266,085,495.56

9. INCOME TAX EXPENSES

	2015	2014
Current tax expenses	**1,188,673,564.87**	1,027,078,081.21
Deferred tax expenses	**(267,927,823.60)**	123,165,448.21
	920,745,741.27	1,150,243,529.42

The relationship between income tax expenses and the total profit is listed as follows:

		2015	2014
Total profit		**3,083,419,871.47**	6,868,447,492.23
Tax at statutory tax rate	*Note 1*	**770,854,967.85**	1,717,111,873.06
Effect of different tax rates applicable to parent company and some subsidiaries	*Note 2*	**(165,425,877.05)**	(371,156,585.70)
Effect of tax rate adjustment on opening deferred tax		**84,538,819.26**	–
Effect of difference between effective tax rate and tax rate for deferred tax computation		**–**	8,294,765.80
Adjustments to current tax of previous periods		**180,353,655.69**	12,896,556.39
Profit and loss attributable to associates		**(13,253,600.52)**	(31,480,943.75)
Non-taxable income		**(50,448,361.09)**	(428,787,076.83)
Expenses not deductible for tax		**93,656,818.89**	102,158,460.79
Tax incentives on eligible expenditures		**(64,566,747.46)**	(152,910,515.99)
Utilization of deductible losses from prior years		**(224,131,825.78)**	(33,154,508.33)
Unrecognized deductible losses		**229,920,171.70**	250,522,500.94
Effect of unrecognized deductible temporary difference		**56,166,748.96**	76,749,003.04
Others		**23,080,970.82**	–
Tax expense at the Group's effective tax rate		**920,745,741.27**	1,150,243,529.42

Note 1: The Company is subject to a statutory tax rate of 25%.

Note 2: The PRC income tax of the Group is calculated based on the estimated taxable income gained in the PRC and applicable tax rate. Tax arising from the taxable income in other regions is calculated at applicable tax rate according to existing laws, interpretations and practices of the country in which the Group operates.

No provision for Hong Kong profit tax has been made as the Group had no taxable profits arising in Hong Kong for the period.

10. EARNINGS PER SHARE (EPS)

EPS

The basic EPS is calculated by dividing the net profit of the current period attributable to the ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares.

The calculation of basic EPS is detailed as follows:

	2015	2014
Earnings		
Net profit of the current period attributable to ordinary shareholders of the Company	**1,390,576,941.23**	5,002,427,212.65
Shares		
Weighted average number of the ordinary shares outstanding of the Company	**3,998,619,278.00**	3,998,619,278.00
EPS (RMB/share) *Note (1)*	**0.35**	1.25

The Company holds no potential shares that are significantly dilutive.

Note (1): Pursuant to the profit distribution scheme 2014 considered and approved on the 2014 annual general meeting of the Company, the capitalisation of surplus reserve had completed as of the balance sheet date. Under the Accounting Standards for Business Enterprises, the earnings per share for each of the periods presented has been re-calculated based on the adjusted number of shares, namely 3,998,619,278.00 shares.

11. OTHER COMPREHENSIVE INCOME

Other comprehensive income, on a cumulative basis, attributable to parent as shown in balance sheet is as follows:

	1 January 2014	**Increase/ Decrease**	**31 December 2014**	**Increase/ Decrease**	**31 December 2015**
Changes arising from re-measuring net assets or net liabilities of defined benefit plan	9,284,134.70	(408,684,348.84)	(399,400,214.14)	23,664,201.02	(375,736,013.12)
Share of investee's other comprehensive income not to be reclassified into profit or loss using the equity method	(7,196,756.00)	(162,692,384.76)	(169,889,140.76)	5,240,567.93	(164,648,572.83)
Share of investee's other comprehensive income to be reclassified into profit or loss using the equity method	(38,234,210.00)	64,610,512.58	26,376,302.58	7,779,405.56	34,155,708.14
Change of fair value of available-for-sale financial assets	10,000,000.00	46,400,000.00	56,400,000.00	2,800,000.00	59,200,000.00
Effective portion of cashflow from hedging	–	(6,420,300.47)	(6,420,300.47)	13,089,207.22	6,668,906.75
Exchange differences on foreign currency translation	9,685,893.09	2,877,656.62	12,563,549.71	(158,998,330.14)	(146,434,780.43)
Relevant income tax effect	(1,500,000.00)	93,383,900.39	91,883,900.39	(7,597,822.68)	84,286,077.71
	(17,960,938.21)	(370,524,964.48)	(388,485,902.69)	(114,022,771.09)	(502,508,673.78)

Incurred in current period for other comprehensive income:

2015

	Incurred pre-tax	Less: Amount recognised in other comprehensive income in previous period and recognised in profit or loss in current period	Less: income tax	Attributable to parent company	Attributable to minority interests
Other comprehensive income not to be reclassified into profit or loss					
Changes arising from re-measuring net assets or net liabilities of defined benefit plan	99,851,671.98	–	32,072,432.56	18,752,496.53	49,026,742.89
Share of investee's other comprehensive income not to be reclassified into profit or loss using the equity method	13,700,831.20	–	–	5,240,567.93	8,460,263.27
Other comprehensive income to be reclassified into profit or loss					
Share of investee's other comprehensive income to be reclassified into profit or loss using the equity method	2,611,033.60	–	–	7,779,405.56	(5,168,371.96)
Change of fair value of available-for-sale financial assets	2,800,000.00	–	420,000.00	2,380,000.00	–
Effective portion of cashflow from hedging	148,381,917.60	114,161,768.00	5,924,492.00	10,823,089.03	17,472,568.57
Exchange differences on foreign currency translation	(244,124,974.40)	–	–	(158,998,330.14)	(85,126,644.26)
	23,220,479.98	114,161,768.00	38,416,924.56	(114,022,771.09)	(15,335,441.49)

2014

	Incurred pre-tax	Less: Amount recognised in other comprehensive income in previous period and recognised in profit or loss in current period	Less: income tax	Attributable to parent company	Attributable to minority interests
Other comprehensive income not to be reclassified into profit or loss					
Changes arising from re-measuring net assets or net liabilities of defined benefit plan	(1,039,922,984.29)	–	(301,333,034.20)	(308,340,448.45)	(430,249,501.64)
Share of investee's other comprehensive income not to be reclassified into profit or loss using the equity method	(502,470,666.28)	–	–	(162,692,384.76)	(339,778,281.52)
Other comprehensive income to be reclassified into profit or loss					
Share of investee's other comprehensive income to be reclassified into profit or loss using the equity method	76,053,965.76	(41,309,151.98)	–	64,610,512.58	52,752,605.16
Change of fair value of available-for-sale financial assets	46,400,000.00	–	6,960,000.00	39,440,000.00	–
Exchange portion of cashflow from hedging	(19,280,181.60)	–	–	(6,420,300.47)	(12,859,881.13)
Exchange differences on foreign currency translation	(309,971,862.32)	–	–	2,877,656.62	(312,849,518.94)
	(1,749,191,728.73)	(41,309,151.98)	(294,373,034.20)	(370,524,964.48)	(1,042,984,578.07)

12. DIVIDENDS

	2015	2014
	RMB'000	*RMB'000*
Proposed final dividends – RMB0.10 (2014: RMB0.15) per ordinary share	**399,862**	299,896

On 30 March 2016, the 2015 profit distribution plan of the Company was considered and approved at the 3rd meeting of the fourth session of the Board: the Company proposed the distribution to all shareholders of a cash dividend of RMB1.00 (including tax) for every 10 shares held based on the total share capital of 3,998,619,278 shares. No capitalization of reserve will be implemented. Completion of the proposal is subject to the consideration and approval by the 2015 Annual General Meeting.

13. COMPARATIVE FIGURES

Comparative figures have been restated in respect of the apportionment of consideration of the business combination with KION. Major impacts on the retrospective adjustment for opening balances of the consolidated balance sheet for 2015 are as follows:

2015

	Before re-statement At beginning of period	Re-statement	After re-statement At beginning of period
Fixed assets	22,219,357,185.13	1,290,035,509.12	23,509,392,694.25
Intangible assets	12,715,477,787.47	1,126,993,963.44	13,842,471,750.91
Goodwill	8,347,260,453.97	(573,205,976.79)	7,774,054,477.18
Deferred tax liabilities	3,628,608,697.29	756,347,843.04	4,384,956,540.33
Other comprehensive income	(342,209,472.70)	(46,276,429.99)	(388,485,902.69)
Retained earnings	26,419,607,056.45	(22,075,141.42)	26,397,531,915.03
Minority interests	8,386,683,156.04	1,155,827,224.14	9,542,510,380.18

Retrospective adjustments to the figures in the consolidated income statement for year 2014 of the Group as a result of adjustment for the apportionment of consideration of business combination are as follows:

2014

	Before re-statement Incurred during the year	Re-statement	After re-statement Incurred during the year
Cost of sales	62,547,775,525.88	71,134,984.61	62,618,910,510.49
Distribution and selling expenses	5,088,075,987.64	4,502,598.00	5,092,578,585.64
General and administrative expenses	6,405,263,078.43	21,610,568.03	6,426,873,646.46
Income tax expenses	1,181,199,964.08	(30,956,434.66)	1,150,243,529.42
Minority interests	759,993,324.72	(44,216,574.56)	715,776,750.16
Net other comprehensive income attributable to shareholders of the parent after tax	(324,248,534.49)	(46,276,429.99)	(370,524,964.48)
Net other comprehensive income attributable to minority owners after tax	(950,292,749.83)	(92,691,828.24)	(1,042,984,578.07)

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I would like to present the audited annual results of the Company for the year ended 31 December 2015.

I. REVIEW OF OPERATIONS

In 2015, the Chinese government insisted upon the general working theme of making progress while maintaining stability, firmly grasping onto initiatives to develop society and economy, actively adapting to the "new norms" in economic development, properly responding to challenges posed by major risks, fostering adjustments via reforms and development via innovations, and thereby streamlining the nation's economic structure and allowing the nation's reform and opening more in depth. Generally speaking, the overall economic performance was stable and sustained a trend of high-to-medium speed growth, making progress and demonstrating positivity amidst stability. In 2015, the national gross domestic product reached RMB67.67 trillion, representing a year-on-year growth of 6.9%, which pace was a record low for the past 25 years.

During the reporting period, under the influence of a multitude of factors including the macro-economy condition and the implementation of more stringent emission regulations, the heavy-duty truck market in the PRC was gloomy and reported a sustained drop in sales volume, delivering sales of 551,000 units, representing a year-on-year decrease of 25.98%. Under such influence, during the reporting period, the Company reported sales of 118,000 units of heavy-duty truck engines, representing a year-on-year drop of 56.5%. The Company nevertheless maintained its leading position in the industry. Shaanxi Heavy-duty Motor Company Limited (陝西重型汽車有限公司), a controlling subsidiary of the Company, reported an aggregate sales of 56,000 units of heavy-duty trucks for the year, representing a year-on-year decrease of 39.1%, but bringing its ranking up to the fourth in the domestic heavy-duty truck industry in the PRC, and further boosting its competitiveness. Shaanxi Fast Gear Co., Ltd. (陝西法士特齒輪有限責任公司), a controlling subsidiary of the Company, has maintained its leading position in the industry with its aggregate sales of 407,000 units of gear boxes, representing a year-on-year decrease of 34.4%.

During the reporting period, fixed-asset investments in the PRC (excluding agricultural households) reached RMB55.2 trillion, representing a year-on-year growth of 10.0%, a drop of 5.7 percentage points in growth rate year-on-year. The total planned investments for newly-commenced construction projects reached RMB40.8 trillion, representing a year-on-year growth of 5.5%, an increase of 0.8 percentage point in growth rate year-on-year. Investments in property development reached RMB9.6 trillion, representing a year-on-year growth of 1.0%, a drop of 9.5 percentage points in growth rate year-on-year. As such, the overall demand in the construction machinery industry was weak, with a severe drop in sales volume. In 2015, the construction machinery market reported sales of approximately 367,000 units, representing a year-on-year decrease of 31.0%, among which, the sales volume of wheel loaders with a load capacity of 5 tonnes was 42,000 units, representing a year-on-year decrease of 54.4%. The Company sold a total of 27,000 units of engines for wheel loaders with a load capacity of 5 tonnes, representing a year-on-year decrease of 49.3%. The Company continued to maintain a leading position in the market of wheel loaders with a load capacity of 5 tonnes with its market share of more than 60%.

During the reporting period, under the influence of factors including more stringent emission regulations and accelerated urbanization etc., some segments in China's passenger vehicle market achieved growth whilst others reported decline. China's passenger vehicle industry reported an aggregate sales figure of 595,400 units (including incomplete passenger vehicles) for the whole year, representing a year-on-year decrease of 1.9%. Among such, benefiting from the national subsidy policy, the new-energy passenger vehicles segment grew exponentially and became the major force in driving the growth of the passenger vehicles market. In addition, under the government's policies to stimulate the growth of sales volume of passenger vehicles in the second half of the year, the large-sized passenger vehicles market delivered sound performance with a slight growth of 0.33% year-on-year. On the other hand, with a share of the transportation market having been taken up by China's national express rail and the increasingly stringent supervision on the passenger transportation, market sectors including the highway passenger transportation market did not perform well. During the reporting period, the Company's aggregate sales of engines for use in passenger vehicles amounted to 20,300 units, representing a year-on-year decrease of 10.2%, and accounted for 12.5% of the market share of the large-sized and medium-sized passenger vehicles.

During the reporting period, adopting a market-oriented approach, the Company further expedited the structural adjustments of its products in an effort to continually increase its risk-resistance capacity. In 2015, the Company reported a sales figure of 164,000 units of its conventional products of 10L and 12L engines, maintaining the stable leading position of heavy-duty engine products in the heavy-duty truck market, the market of wheel loaders with a load capacity of 5 tonnes and the market of passenger vehicles with a span of over 11 metres. Meanwhile, sales of strategic products grew substantially, increasing by 6 times year-on-year to 11,000 units of Yangchai VM engines, by 133% to 1,237 units of WP13 engines, by 6 times to 495 units of new-energy power system, and by nearly 10 times to 1,544 units of engines for use in fork-lift trucks. During the reporting period, Shaanxi Heavy-duty Motor Company Limited, a controlling subsidiary of the Company, explored the possible implementation of a products series operation business model with an interactive process across multiple disciplines such as product design, delivery, marketing etc. based on customer requirements. Obvious growth was reported in sales volume in the truck market. The gear box business of Shaanxi Fast Gear Co., Ltd. grew against the adversities faced by the market, and reported a steady rise in its overall market share and market sales volume, thereby acting as an important support to guard against the market fluctuations in the industry, and further articulated the effectiveness of the adjustment made to the product structure.

During the reporting period, the Company was committed to the main theme of "Improving Quality and Efficiency; Achieving Reform and Transformations", strictly adhering to the notion of growing organically and being driven by innovation, expediting its transformation, uplifting the all-round quality of development, and attaining sound and stable development. Firstly, with the perspective of the whole value chain, we strove to shape our products with the "Three Core Competitiveness" in terms of cost, technology and quality, addressing our customers' needs for product diversity and in active response to the impending trend of vertical integration of the industry. Secondly, being customer demand-oriented, we established a target-oriented management mindset, further streamlined and enhanced the research and development (R&D) process and standardized the management and control process over R&D operations, thereby further strengthening our technological innovation capability. In 2015, the key laboratory for testing the reliability of internal combustion engines of Weichai Power was nominated as one of China's National Key Laboratories, becoming the only corporate national key laboratory for testing the reliability of internal combustion engines in the industry. Thirdly, we put in place the Weichai WOS management operation system, unifying the management language under the KPI system and formalizing the management mechanism through a hierarchical meeting system, thereby forming a management model that is feasible and able to be exported and promoted and in turn laying a solid foundation for the continual enhancement in corporate operation performance. Fourthly, to continually foster the integration of information technology usage and industrialization and facilitate corporate reform and upgrade, we completed the strategic planning for the development of information technology (IT) usage, defined the strategic IT blueprint, overall framework and execution roadmap, smoothly passed acceptance inspection in respect of our "digital workshops for automobile engines" and was successfully nominated as a model project under the national smart manufacturing pilot schemes in respect of our "comprehensive pilot model project for smart manufacturing of diesel engines".

During the reporting period, the Company's revenue decreased by 7.4% compared with that in 2014 to approximately RMB73,720 million. The net profit attributable to shareholders of the listed company was approximately RMB1,391 million, representing a decrease of approximately 72.2% compared with that in 2014. The basic earnings per share was RMB0.35, representing a decrease of approximately 72.0% compared with that in 2014.

II. DIVIDENDS

Putting shareholders' interests and returns as its top priority, the Company has maintained a relatively stable dividend policy. On 30 March 2016, the Company's 2015 profit distribution proposal was approved by the Company's 3rd meeting of the fourth session of the Board: the Company proposed the distribution to all shareholders of a cash dividend of RMB1.00 for every 10 shares (including tax), based on the total share capital of 3,998,619,278 shares. Completion of the proposal is subject to the consideration and approval by the 2015 Annual General Meeting. Please refer to the further announcement to be issued bt the Company for details on the closure of registers of members in determining the shareholders who are eligible for the final dividend.

III. ACQUISITION AND CONSOLIDATION

In 2015, in order to further enhance the core competitiveness of the Company and improve the level of its international operation, and in view of the sound business performance of KION Group AG ("KION") during the year, it was resolved by the Board of Directors that the Company shall acquire approximately 4.95% of shares of KION held by Superlift, pursuant to which our shareholding in KION increased from 33.3% to 38.25%, maintaining the Company's status as the single largest shareholder of KION.

IV. OUTLOOK AND PROSPECTS

Into 2016, the global economy will enter a stage of low growth and low expansion, with weak recovery in developed economies and slowdown in economic growth in emerging markets. Under a multitude of uncertainties and trends including increase in interest rate by the Federal Reserve of the United States, excessively high debt level around the world, competitive exchange rate policies, decline in bulk commodity prices and the highly politicized economic policies at home and abroad, it is envisaged that the global economy will grow at around 3.4%. Domestically, China will continue to grow under the "new norm" at high-to-medium speed. The adverse effects of persistent economic downturn and the core contradictions accumulated over the years will become more apparent; however, the development potential of the domestic market is still enormous from the perspective of the short-term factors that drive economic growth. The further promotion of the nation's reform and opening will greatly mobilize and trigger the vigor and motivation for social and economic development. New strategies for regional development including "One Belt and One Road", the coordinated development of Beijing, Tianjin and Hebei and the development of Yangtze River Economic Zone will give rise to the formation of new forces to drive development. Expedited efforts to remove system-born obstacles in household registration, land and education, and the fortified and steady progress of urbanization will result in new consumption and investment demand. On such basis, it is expected that China will grow at about 6.5-7.0% in 2016.

The Company is cautiously optimistic about the development trend of its related industries. In 2016, it is expected that sales volume in China's heavy-duty truck market may remain flat or grow marginally and may come under a trend where products tend to become more high-end, highly standardized and high-powered. In the future, the heavy-duty truck market of China will encounter three big challenges: Firstly, changes in the sources of demand, including reduced demand for vehicles in the construction industry, and the varied demand for vehicles in the logistics industry as a result of industrial adjustments. Secondly, changes in governing regulations, with more stringent emission regulations and elevated efforts in enforcing regulations, which will give rise to market fluctuations in the heavy-duty truck industry and in turn drastically impact on annual sales volume of the heavy-duty truck market. Thirdly, changes in the ways in which market players compete, which may bring forth some new adjustments to the heavy-duty truck industry.

In 2016, although the construction machinery industry will still be under the difficult mission of decapacitizing and eliminating excessive inventories, there are still a number of factors which favour industrial development and accordingly a rebound in full-year sales volume is anticipated. Firstly, for investments from the Chinese government, ample room still exists for the construction of infrastructure, including express railways, and urbanization construction. The pulling force of national strategies including "One Belt and One Road" will bring forth tremendous opportunities to players in the construction machinery industry to explore international development and utilize the excessive capacity available from their factories in China. Secondly, the more stringent emission regulations applicable to the industry and expected tightened schedule in implementing more stringent regulations for off-road emission have posed new challenges to product upgrade and technological innovations for engine manufacturers and will in turn highlight the Company's strengths in terms of its technological attainments and product quality. Thirdly, policies in agricultural supply-side structural reform and land circulation will drive the continual growth of the agricultural machinery industry, which will demonstrate a trend towards high-end and high-power development.

With effect from 1 April 2016, China V Emission Standards will be implemented on petrol-driven light vehicles, diesel-driven light passenger vehicles and diesel-driven heavy-duty vehicles (for public transport, hygiene and environment, and postal use only) in 11 eastern cities or provinces including Beijing and Tianjin, and Off-road Phase III Emission Standards will be implemented on off-road movable machinery (other than agricultural machinery). As such, some segments of the market will experience a new round of shuffling and the elimination of backward production capacities shall be accelerated. Leveraging upon the synergy presented by its globally coordinated R&D, advanced technology in smart manufacturing, product and service diversity and its strong base of loyal customers, the Company has actively responded by starting its preparation work in advance. Having essentially completed the upgrade and replacement of products of engines and heavy-duty trucks, the Company is poised to maintain its leading position in the market of high-power engines, heavy-duty gear boxes and complete heavy-duty trucks. The Board has full confidence in the development prospect of the Company.

In early 2016, through strategic decoding, the Company identified thirteen battles that it must win and formulated detailed action plans, covering various aspects including cost saving and efficiency enhancement, market expansion, quality enhancement, technology R&D, management innovation etc. In the year ahead, the Company will work strenuously on the following:

Firstly, the Company will strengthen the development of its "Three Core Competitiveness" in terms of cost, technology and quality, and benchmark itself against leading international standards and continue to uplift its competitive edge in terms of the distinctive reliability and durability of its products. It will also keep on enhancing the profit model of its products in active response to the trend of vertical integration of the industry. Secondly, the Company will promote the establishment of a target-oriented, innovative, and scientific management mechanism and continually enhance internal innovation and aim at continually boosting its strengths in product quality and performance. Thirdly, the Company will remain committed to producing products of high quality. It will step up the promotion of its strategic products and build up its strengths in delivering a full range of comprehensive products, in turn achieving substantial growth in its strategic products and strategic markets and continually extending the scale of its business in the after-sale market. Fourthly, the Company will continue to enhance its WOS management operation system using new mindsets, new tools and new methods, and actively engage in the development of smart manufacturing base infrastructure, strenuously engage in organizational reforms and enhancements, and continually uplift the operational efficiency of the enterprise. Fifthly, the Company will further strengthen the coordinated development of its domestic and foreign businesses, increase the level of development of its subsidiaries overseas, step up its efforts in exploring new overseas markets and establish a sound system of global sales and services network, and actively participate in global competition. Sixthly, the Company will further promote the concept of achieving cost reduction along the entire industry chain, and throughout all business processes and get all staff members involved. It will innovate upon new thoughts and methods and further promote its work on cost saving and efficiency enhancement. Meanwhile, the mechanism for narrowing and stopping losses made for subsidiaries will be further improved, and loss-making entities will gradually be eliminated. In our heavy-duty truck segment, the R&D for new-generation heavy-duty truck products will proceed steadily, and market promotion for specialized product series will be fortified in depth and breadth. These aim at generating higher sales volume in different segments of the domestic market, and achieving breakthroughs in our six big overseas markets by taking a "One Nation, One Policy" approach, thereby ensuring that the full-year goal of sales volume can be achieved. Strategic direction "5221" will guide gear box companies the way to promote structural adjustments, transformation and upgrade, to develop the scope of application of products primarily based upon gear transmission technology and to speed up the development of systematic and module-based new product platforms. Leveraging upon the availability of internal resources of the Company, more efforts will be made on the R&D of AT/AMT smart technology and transmission products for use in construction machinery. We will make good use of the synergy among the component segment, the engine segment and the complete vehicles segment.

At the same time, the Company will remain committed to its development goal of "developing a full series and range of comprehensive products and seeking to become the first in the world". Under the principle of "Unified Strategy, Independent Operation, Resources Sharing", we will accelerate the coordinated development among the business segments of vehicles, construction machinery, powertrains and automobile components, in order to fully utilize the synergetic advantage of our resources in the domestic and overseas companies, to continually enhance the quality and image of the Company's development, and boost the overall capability to resist risks.

V. APPRECIATION

Last but not least, I would like to express my sincere appreciation to all our shareholders, the general public and our customers for their care and support, as well as all of our staff for their hard work and dedication in the past year!

MANAGEMENT DISCUSSION AND ANALYSIS

The Directors are pleased to present a management discussion and analysis of the annual results of operations of the Group for the year ended 31 December 2015 as follows:

I. Industry Analysis

The Company is one of the vehicle and equipment manufacturing conglomerates in the PRC with the best comprehensive strengths. It is a leading company in the markets of powertrain, complete vehicles and machines, hydraulic controlling parts and automotive electronics parts and components. It is equipped with the most comprehensive supply chain of engines, gear boxes and axles and offers the related after-sales market services.

1. Heavy-duty Vehicle Industry

During the year, the economy of China was stable and sustained its high-to-medium speed growth. In 2015, the gross domestic product of the PRC reached RMB67.67 trillion, representing a year-on-year growth of 6.9%, which pace was nevertheless a record low for the past 25 years. Factors including the weak economy in general, suppressed export, excessive capacity and the implementation of more stringent emission regulations contributed to the sustained drop in sales volume in heavy-duty truck market in the PRC. The aggregate sales figure of the heavy-duty truck market in the year in the PRC was approximately 551,000 units, representing a year-on-year decrease of approximately 25.9% from approximately 744,000 units last year.

2. Construction Machinery

During the reporting period, fixed-asset investments in the PRC reached RMB55.2 trillion, representing a year-on-year growth of 10.0%, a drop of approximately 5.7 percentage points in growth rate compared with that in year 2014. In particular, investment in real estate developments was approximately RMB9.6 trillion, representing a year-on-year increase of 1.0%, a drop of approximately 9.5 percentage points in growth rate year-on-year. As such, the overall demand in the construction machinery industry was weak, with severe drop in sales volume. In 2015, the construction machinery market reported aggregate sales of approximately 367,000 units, representing a year-on-year decrease of 31.0%, and among which, the sales volume of wheel loaders with a load capacity of 5 tonnes for use in large construction machinery was approximately 42,000 units, representing a drop of 54.4% year-on-year.

3. Passenger Vehicle Market

During the reporting period, under the influence of multiple factors, including the accelerated urbanization, the nation's policies supporting new-energy vehicles and the increasingly stringent emission regulations, some of the market segments of China's passenger vehicle industry achieved growth whilst others reported decline. In 2015, the aggregate sales figure for passenger vehicles in China was approximately 595,400 units (including incomplete passenger vehicles), representing a year-on-year decrease of 1.9%.

4. Forklift Truck Industry

During the reporting period, riding on low oil prices, the high level of consumer spending in Western Europe and improvement in the labour and housing markets in the United States, recovery in Western Europe and the United States continued. Global sale orders for forklift trucks increased to approximately 1.1 million units, rising by 1.0% from the corresponding period of last year.

II. The Group's Business

An analysis of the Group's business segments is set out in Note 2 to the consolidated financial statements. The following is an overview of the operating conditions of the major products of the Group:

1. Sale of Diesel Engines

For use in Heavy-duty Trucks

The Group is the largest supplier of diesel engines among major manufacturers of heavy-duty trucks with a load capacity of 15 tonnes (and above) in the PRC. In 2015, with the suppressed demand in the domestic heavy-duty truck market and the trend of vertical integration in the industry, the Company sold approximately 118,000 units (2014: approximately 271,300 units) of heavy-duty truck diesel engines, representing a decrease of 56.5% from the corresponding period in 2014. The Company nevertheless maintained its leading position in the industry.

For use in Construction Machinery

The Group is also the largest supplier of diesel engines among major manufacturers of construction machinery (mainly wheel loaders) with a load capacity of 5 tonnes in the PRC. Out of the diesel engines sold during the year, approximately 27,000 units (2014: approximately 53,000 units) were engines for wheel loaders with a load capacity of 5 tonnes, representing a decrease of approximately 49.3% compared to that in the corresponding period in 2014. The Group's market share increased to more than 60.0%, maintaining its leading position in this sector.

For use in Passenger Vehicles

During the reporting period, whilst benefiting from the national subsidy policy which applied to new-energy passenger vehicles, with a share of the transportation market having been taken up by China's national express rail, and the increasingly stringent supervision on passenger transportation, the highway passenger transportation market did not perform well. In 2015, the Company sold approximately 20,300 (2014: approximately 22,600) units of engines for use in passenger vehicles, representing a decrease of approximately 10.2% year-on-year. The Company's market share in the market of large-sized and medium-sized passenger vehicles was approximately 12.5%.

2. Forklift Trucks Production and Warehousing Technology Services

Benefiting from the growth of the forklift truck industry and KION's "2020" strategy, KION achieved strong sales performance in the European, North American and Asian markets. The Group reported an increase of orders for forklift trucks to approximately 165,800 units in 2015, and achieved annual sales exceeding EUR5 billion for the first time. Before elimination of intra-group sales, the forklift trucks production and warehousing technology services business contributed sales revenue of approximately RMB35,488 million to the Group during this Year.

3. Sale of Heavy-duty Trucks

During the Year, the Group sold approximately 56,000 units of heavy-duty trucks, representing a decrease of approximately 39.1% from approximately 92,000 units in the corresponding period in 2014. Shaanxi Heavy-duty Motor Company Limited (陝西重型汽車有限公司), a controlling subsidiary of the Company, reported a sales figure which brought its ranking up to the fourth in the domestic heavy-duty truck industry in the PRC. Before elimination of intra-group sales, the truck business contributed approximately RMB16,558 million to the Group's revenue this Year.

4. Sale of Heavy-duty Gear Boxes

During the Year, the Group sold approximately 407,000 units of heavy-duty gear boxes, representing a decrease of 34.4% compared to approximately 620,000 units of heavy-duty gear boxes sold in the corresponding period in 2014, maintaining its leading position in the industry. Before elimination of intra-group sales, the gear boxes business contributed approximately RMB5,980 million to the Group's revenue this Year.

5. Sale of Parts and Components of Engine and Heavy-duty Trucks and Hydraulics Controlling Parts

Apart from the production and sale of diesel engines for trucks and construction machinery, heavy-duty trucks and heavy-duty gear boxes, the Group is also engaged in the production and sales of engine parts and components and other truck parts and components such as spark plugs, axles, chassis, air-conditioner compressors, hydraulic controlling parts etc. During this Year, the Group's sales of parts and components of engines and trucks and hydraulic controlling parts were approximately RMB3,524 million, representing a year-on-year decrease of approximately 9.2% or a decrease of approximately RMB358 million, compared to the sales revenue of RMB3,882 million in the corresponding period last year.

Last year, the Company budgeted that sales revenue in 2015 would be approximately RMB101.6 billion, representing a growth of approximately 27.6%. The actual sales revenue was approximately RMB73.7 billion, representing a year-on-year decrease of approximately 7.4%. Actual sales revenue fell far short of the budgeted sales revenue by approximately RMB27.9 billion or 27.5%. Overall performance was nevertheless stable. It was mainly attributable to the weak market conditions in the heavy-duty truck industry and the severe drop in the overall demand in the construction machinery industry in the PRC. The Company has an ongoing commitment to serving customer needs and creating products with the "Three Core Competitiveness" in terms of cost, technology and quality, to adjust strategic structure and push ahead the progress of its international development, thus increasing the Company's risk-resistance capability.

Into 2016, the global economy is expected to enter a stage of low growth. The heavy-duty truck market is anticipated to resume growth in sales volume. The construction machinery sector will benefit from the "One Belt and One Road" strategy and government investment, infrastructure construction such as urbanization construction and the national express rail, and a rebound is anticipated. Leveraging upon the synergy presented by its global development, advanced technology in smart manufacturing, product and service diversity and strong base of loyal customers, the Company will demonstrate increasing competitive strengths in its products. As at 31 December 2015, orders on hand amounted to approximately RMB7.2 billion. The Company budgets a sales revenue of approximately RMB81.6 billion, representing an increase of approximately 10.7% for the year of 2016, while the revenue contribution from KION is budgeted at approximately RMB35 billion.

III. Financial Review

1. The Group's Results of Operations

a. Revenue

The Group's revenue decreased from approximately RMB79,637 million in the corresponding period in 2014 to approximately RMB73,720 million in the Year, representing a decrease of approximately 7.4%. In particular, the revenue from principal operations decreased by approximately 6.7%, from approximately RMB77,321 million in the corresponding period in 2014 to approximately RMB72,153 million in the Year. This was primarily due to the substantial decrease in the sales of the heavy-duty truck market and the vertical integration of the industry in the PRC. Thanks to the growth in the forklift truck industry, the strong growth of KION in Western European, North American and Asian markets, the Group sustained stable performance on the whole. Other revenue amounted to approximately RMB1,567 million, representing a decrease of approximately 32.3% from approximately RMB2,316 million in the corresponding period of 2014.

b. Profit from Principal Operations

During this Year, the Group generated profit from principal operations in the amount of approximately RMB16,797 million, which stayed the same as approximately RMB16,767 million recorded in the corresponding period in 2014. The Group's efforts in fostering international development, innovating upon operations models and optimizing product cost and quality effectiveness, have brought the profit margin of principal operations to approximately 23.3%, which was an increase of approximately 1.6 percentage points from 21.7% recorded in the corresponding period in 2014.

c. Distribution and Selling Expenses

Distribution and selling expenses increased by approximately 22.6% to approximately RMB6,246 million this year from approximately RMB5,093 million in the corresponding period of 2014. The distribution and selling expenses as a percentage of revenue increased from approximately 6.4% in the corresponding period of 2014 to approximately 8.5% in this year. It was mainly because the increase in the proportion of KION's distribution and selling expenses led to the increase in the overall distribution and selling expenses for the year and KION had a higher figure in the ratio of the distribution and selling expense as a percentage of revenue that contributed to the increase in the overall distribution and selling expenses percentage.

d. General and Administrative Expenses

General and administrative expenses of the Group increased by approximately 11.6% or approximately RMB747 million from approximately RMB6,427 million in the corresponding period in 2014 to approximately RMB7,174 million this year. The increase was mainly due to the percentage increase in the general and administrative expenses attributable to overseas subsidiaries under the expedited integration and coordinated development of overseas businesses in the course of our international development.

e. Operating Profit before Finance Expenses

During this Year, the Group's operating profit before finance expenses decreased by approximately RMB3,452 million or 53.0% to approximately RMB3,064 million this year from approximately RMB6,516 million in the corresponding period in 2014. It was primarily attributable to the substantial decrease in the sales of heavy-duty truck market in the PRC, the suppressed operating profit in the PRC under the increase in per-unit costs, the percentage increase in expenses incurred by overseas subsidiaries and the one-off gain of approximately RMB1,622 million in the acquisition of KION during the previous year. The Group's operating margin dropped to approximately 4.2% from approximately 8.2% for the corresponding period of 2014.

f. Finance Expenses

Finance expenses increased from approximately RMB23 million in the corresponding period in 2014 to approximately RMB486 million this year. This change was mainly attributable to the increase in interest expenses and decrease in foreign exchange gain. The Group's issue of bonds of USD400 million for a term of five years in September 2015 and KION's completion of its refinancing arrangements in February 2016 are expected to effectively cut down interest expenses.

g. Income Tax Expenses

The Group's income tax expenses decreased by approximately 19.9% from approximately RMB1,150 million in the corresponding period in 2014 to approximately RMB921 million in the year. The Group's average effective tax rate was approximately 29.9%, compared to approximately 16.7% in the corresponding period in 2014. The increase in effective tax rate was mainly due to the one-off gain arising from the consolidation of KION during the previous year.

h. Net Profit and Net Profit Margin

The Group's net profit for this year decreased by approximately 62.2% from approximately RMB5,718 million in the corresponding period of 2014 to approximately RMB2,163 million this year. During this Year, the net profit margin was approximately 2.9%, representing a decrease of approximately 4.3 percentage points from approximately 7.2% recorded in the corresponding period in 2014. This was primarily attributable to the substantial decrease in the sales of heavy-duty truck market in the PRC, the suppressed operating profit, the percentage increase in expenses incurred by overseas subsidiaries and the one-off gain in the acquisition of KION during the previous year.

i. Liquidity and Cash Flow

During this Year, the Group generated cash flow from operating activities of approximately RMB6,774 million. A portion of such proceeds was applied as investment monies for acquiring 4,900,000 KION shares, repaying borrowings, paying interest and acquiring property, plant and equipment for the expansion of the Group's business. As at 31 December 2015, the Group had a net cash (cash and cash equivalents net of interest-bearing debts) of approximately RMB2,130 million (31 December 2014: net cash (cash and cash equivalents net of interest-bearing debts) of approximately RMB1,877 million). Based on the calculation above, the debt to equity ratio was not applicable to the Group as the Group was in a net cash position (as at 31 December 2014: N/A).

2. *Financial Position*

a. *Assets and Liabilities*

As at 31 December 2015, the Group had total assets of approximately RMB114,873 million, of which approximately RMB57,753 million were current assets. As at 31 December 2015, the Group had cash and cash equivalents of approximately RMB24,601 million (as at 31 December 2014: RMB24,434 million). On the same date, the Group's total liabilities was approximately RMB73,147 million, of which approximately RMB39,870 million were current liabilities. The current ratio was approximately 1.45x (as at 31 December 2014: 1.34x).

b. *Capital Structure*

As at 31 December 2015, the Group had total equity of approximately RMB41,726 million, of which approximately RMB31,729 million was attributable to equity holders of the Company and the balance was minority interests. The Group currently does not rely heavily on borrowings. The borrowings of the Group as at 31 December 2015 amounted to approximately RMB18,884 million, which included bonds of approximately RMB8,183 million and bank borrowings of approximately RMB10,701 million. Borrowings repayable on demand or within a period not exceeding one year were RMB5,615 million, borrowings repayable within a period of more than one year but not exceeding two years were RMB1,527 million; borrowings repayable within a period of more than two years but not exceeding five years were RMB9,447 million; and borrowings repayable within a period of more that 5 years were RMB2,295 million. The bank borrowings included approximately RMB1,737 million of fixed interest rate bank borrowings and approximately RMB8,964 million of floating interest rate bank borrowings. Other than Euro-denominated borrowings and USD-denominated borrowings equivalent to approximately RMB12,460 million and RMB2,594 million respectively, the borrowings are Renminbi-denominated borrowings. The revenue of the Group is mainly in Renminbi and Euro. To prevent exchange rate risk arising from the fluctuation of the USD exchange rate, contracts have been entered into with financial institutions to swap the USD-denominated bonds issued in September 2015 to Euro, and the Group does not consider its currency risk significant. As a policy, the Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through improving the debts and equity balance. The Group's overall strategy remains unchanged compared to prior years.

c. *Pledge of Assets*

As at 31 December 2015, bank deposits, notes receivable and accounts receivable of approximately RMB7,724 million (as at 31 December 2014: approximately RMB12,276 million) were pledged to banks to secure the Group's notes payable and notes receivable issued by banks. The pledged bank deposits carry prevailing bank interest rates. The pledge will be released upon the settlement of the relevant bank borrowings. The fair value of the bank deposits as at the settlement date is approximately the same as the carrying amount. Certain other assets were also pledged by the Group to secure the Group's borrowings.

d. *Contingencies*

On 31 December 2015, the Group provided to certain distributors and agents bank guarantee amounting to approximately RMB1,014 million (as at 31 December 2014: approximately RMB812 million) to secure their obtaining and use of banking facilities.

On 31 December 2015, the Group guaranteed repurchase of physical assets upon presentation in respect of the failure of the lessee under finance lease to settle instalment payments plus interest. Outstanding balance of principal on finance lease borrowings which were not yet due amounted to approximately RMB728 million (as at 31 December 2014: approximately RMB1,142 million).

As at 31 December 2015, the Group's borrowings and other guarantee amounted to approximately RMB215 million (as at 31 December 2014: approximately RMB199 million).

e. *Commitments*

As at 31 December 2015, the Group had capital commitments of approximately RMB1,734 million (as at 31 December 2014: approximately RMB2,120 million), among which contracted capital commitments amounted to approximately RMB1,734 million, principally for the capital expenditure in respect of acquisition of property, plant and equipment. The capital expenditure will be financed by internal resources.

As at 31 December 2015, the Group had no material investment commitments.

3. Other Financial Information

a. *Employees*

As at 31 December 2015, the Group had approximately 66,000 employees (including approximately 23,500 employees of KION). During this year, the Group had paid remuneration of approximately RMB14,115 million. The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merits, qualifications and competence.

During the Year, the Group's staff training focused on leadership training for newly-appointed management staff members, competence enhancement for existing management staff members, training of marketing staff members and training of technicians. The Group spent approximately RMB17 million on the provision of trainings, including approximately 1,700 sessions of trainings at various levels.

b. *Major Investment*

During the Year, Weichai Power (Luxembourg) Holding S.à r.l. ("Weichai Lux"), a wholly-owned subsidiary of the Group, acquired 4,900,000 KION shares, representing 4.95% of the issued share capital of KION, from Superlift Holding, S.à r.l. ("Superlift") at a total consideration of EUR186,935,000 or EUR38.15 per KION share. The Group's shareholding in KION has increased from 33.3% to 38.25%, further consolidating the Company's control over KION, which is in line with the Company's strategy of further enhancing the strategic alliance with KION and optimising the allocation of the Group's assets.

c. *Major Acquisition and Disposal*

On 7 May 2015, KION Group AG ("KION"), a subsidiary of the Company, signed an agreement with the Belgian automation specialist Egemin Group to purchase its Handling Automation division. On 7 August 2015, KION completed the acquisition of 100% interest in Egemin Automation Inc. at a consideration of EUR72,483,000.00, equivalent to RMB485,759,321.10.

Save as disclosed above, the Group did not have any other major acquisition or disposal during the Year.

OTHER INFORMATION

Directors' and Supervisors' Interests in Shares and Underlying Shares

As at 31 December 2015, the interests and short position (if any) of the directors, the chief executives and the supervisors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

Name of director	Capacity	Number of "A" shares held	Number of "H" shares held	Percentage of the issued share capital of the Company
Tan Xuguang	Beneficial owner	29,421,298 *(Note 1)*	–	0.74%
Zhang Quan	Beneficial owner	6,842,162 *(Note 1)*	–	0.17%
Xu Xinyu	Beneficial owner	6,842,162 *(Note 1)*	–	0.17%
Sun Shaojun	Beneficial owner	6,842,162 *(Note 1)*	–	0.17%

Name of supervisor	Capacity	Number of "A" shares held	Number of "H" shares held	Percentage of the issued share capital of the Company
Lu Wenwu	Beneficial owner	300,000	–	0.008%

Notes:

1. These shares were derived from the previous domestic shares of the Company. The domestic shares were ordinary shares issued by the Company, with a Renminbi denominated par value of RMB1.00 each, which were subscribed for and paid up in Renminbi or credited as fully paid up. These shares became A Shares of the Company upon the A Share listing of the Company on the Shenzhen Stock Exchange.

2. All the shareholding interests listed in the above table are "long" position.

Interests in the shares of associated corporations of the Company

Name of director	Name of associated corporation	Nature of interest	Class and number of securities interested or deemed to be interested	Approximate percentage interest in the entire issued share capital of associated corporations
Gordon Riske *(Note)*	KION Group AG (“**KION**”)	Beneficial owner	227,350 ordinary shares	0.23%
		Interest held by spouse	3,000 ordinary shares	0.003%

Note: Gordon Riske, a non-executive Director, was the beneficial owner of 227,350 shares in KION and he was also deemed to be interested in 3,000 shares in KION which were beneficially held by his wife, Ms. Benita Riske.

Save as disclosed above, as at 31 December 2015, none of the Directors, the chief executives nor the supervisors had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code.

Details of Changes in Share Capital and Substantial Shareholders' Shareholdings

(I) Changes in share capital

1. Changes in share capital (as at 31 December 2015)

	Before the movement		Increase/decrease in the movement (+, –)					After the movement	
	No. of shares	Percentage (%)	New shares issued	Bonus Issue	Transfer of surplus to capital	Restriction lifted	Sub-total	No. of shares	Percentage (%)
I. Restricted circulating shares	467,464,752	23.38%	–	–	467,464,752	–	467,464,752	934,929,504	23.38%
1. State-owned shares	–	–	–	–	–	–	–	–	–
2. State-owned legal person shares	410,632,752	20.54%	–	–	410,632,752	–	410,632,752	821,265,504	20.54%
3. Shares held by other domestic entities	56,832,000	2.84%	–	–	56,832,000	–	56,832,000	113,664,000	2.84%
including: Shares held by domestic non-state-owned legal persons	–	–	–	–	–	–	–	–	–
Shares held by domestic natural persons	56,832,000	2.84%	–	–	56,832,000	–	56,832,000	113,664,000	2.84%
4. Shares held by foreign entities	–	–	–	–	–	–	–	–	–
including: Shares held by overseas legal persons	–	–	–	–	–	–	–	–	–
Shares held by overseas natural persons	–	–	–	–	–	–	–	–	–
II. Non-restricted circulating shares	1,531,844,887	76.62%	–	–	1,531,844,887	–	1,531,844,887	3,063,689,774	76.62%
1. RMB ordinary shares	1,046,084,887	52.32%	–	–	1,046,084,887	–	1,046,084,887	2,092,169,774	52.32%
2. Domestic listed foreign shares	–	–	–	–	–	–	–	–	–
3. Overseas listed foreign shares	485,760,000	24.30%	–	–	485,760,000	–	485,760,000	971,520,000	24.30%
4. Others	–	–	–	–	–	–	–	–	–
III. Total number of shares	1,999,309,639	100%	–	–	1,999,309,639	–	1,999,309,639	3,998,619,278	100%

(II) Shareholdings of the Substantial Shareholders (as at 31 December 2015)

Total number of Shareholders The number of shareholders is 174,363 among which 174,087 are shareholders of “A” shares and 276 are shareholders of “H” shares.

Shareholdings of the top ten shareholders

Name of shareholder	Type of Shareholder	Approximate percentage of shares held *(%)*	Total number of shares held	Number of restricted shares held	Number of shares pledged or frozen
HKSCC Nominees Limited	Foreign shareholder	24.23%	968,690,428	–	N/A
Weichai Group Holdings Limited	State-owned legal person	16.83%	672,952,800	672,952,800	–
Weifang Investment Company	State-owned legal person	3.71%	148,312,704	148,312,704	–
China Securities Finance Corporation Limited	Domestic non-state-owned legal person	2.99%	119,560,506	–	–
Hong Zejun	Domestic natural person	2.00%	80,000,000	–	–
IVM Technical Consultants Wien Gesellschaft m.b.H.	Overseas legal person	1.98%	79,200,000	–	–
Peterson Holdings Company Limited	Overseas legal person	1.66%	66,389,564	–	–
Central Huijin Assets Management Company Limited	Domestic non-state-owned legal person	1.36%	54,246,400	–	–
Shenzhen Capital Group Co., Ltd	Domestic non-state-owned legal person	1.33%	53,253,824	–	–
Shandong Enterprise Trust Operation Company Limited	Domestic non-state-owned legal person	1.06%	42,460,000	–	–

Shareholdings of the top ten non-restricted shareholders

Name of shareholder	Number of the non-restricted shares held	Types of shares
HKSCC Nominees Limited	968,690,428	Overseas listed foreign shares
China Securities Finance Corporation Limited	119,560,506	RMB ordinary shares
Hong Zejun	80,000,000	RMB ordinary shares
IVM Technical Consultants Wien Gesellschaft m.b.H.	79,200,000	RMB ordinary shares
Peterson Holdings Company Limited	66,389,564	RMB ordinary shares
Central Huijin Assets Management Company Limited	54,246,400	RMB ordinary shares
Shenzhen Capital Group Co., Ltd	53,253,824	RMB ordinary shares
Shandong Enterprise Trust Operation Company Limited	42,460,000	RMB ordinary shares
Guangxi Liugong Group Co., Ltd	17,243,712	RMB ordinary shares
PICC Life Insurance Company Limited – internal fund	15,038,874	RMB ordinary shares

Note:

1. It is not certain whether there is any connected relationship among the top ten shareholders and the other top ten non-restricted shareholders, or whether there is any acting in concert relationship among them.

2. Among the shareholders, Hong Zejun, a shareholder held zero shares through general account and 80,000,000 shares through client account of collateral securities for margin trading at China Galaxy Securities Company Limited, totaling 80,000,000 shares.

Substantial Shareholders

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO (including interests filed with the Hong Kong Stock Exchange) shows that as at 31 December 2015, the following persons (other than directors, chief executives and supervisors) had the following interests and short positions (if any) in the shares and underlying shares of the Company:

Name	Capacity	Long/ Short position	Number of A shares	Percentage of share capital comprising only A shares	Number of H shares	Percentage of share capital comprising only H shares	Percentage of total issued share capital
Weichai Group Holdings Limited	Beneficial owner	Long	672,952,800	22.23%	–	–	16.83%
Shandong Heavy Industry Group Co., Ltd. *(Note 1)*	Held by controlled corporation	Long	672,952,800	22.23%	–	–	16.83%
State-owned Assets Supervision and Administration Commission of Shandong Province ("Shandong SASAC") *(Note 1)*	Held by controlled corporation	Long	672,952,800	22.23%	–	–	16.83%
Brandes Investment Partners, LP *(Note 2)*	Investment manager	Long	–	–	78,578,612	16.18%	3.93%
Lazard Asset Management LLC	Investment manager	Long	–	–	175,296,882	18.04%	4.38%
JPMorgan Chase & Co.	Beneficial owner	Long	–	–	11,259,398	1.16%	0.28%
	Custodian – Corporation/ approved lending agent	Long	–	–	100,569,208	10.35%	2.52%
	Investment manager	Long	–	–	4,116,008	0.42%	0.10%
					115,944,614	11.93%	2.90%
	Beneficial owner	Short	–	–	2,875,000	0.29%	0.07%
Templeton Investment Counsel, LLC	Investment manager	Long	–	–	87,570,220	9.01%	2.19%
Lazard Emerging Markets Equity Portfolio *(Note 3)*	Investment manager	Long	–	–	23,707,500	5.86%	1.42%
Barclays PLC *(Note 2)*	Person having a security interest in shares	Long	–	–	525,552	0.11%	0.03%
	Interest of corporation controlled by the substantial shareholder	Long	–	–	25,453,050	5.24%	1.27%
					25,978,602	5.35%	1.30%

Name	Capacity	Long/ Short position	Number of A shares	Percentage of share capital comprising only A shares	Number of H shares	Percentage of share capital comprising only H shares	Percentage of total issued share capital
	Interest of corporation controlled by the substantial shareholder	Short	–	–	24,102,475	4.96%	1.21%
FIL Limited	Investment Manager	Long	–	–	58,320,000	6.00%	1.46%
Platinum Investment Management Limited	Investment Manager	Long	–	–	9,477,232	0.98%	0.24%
	Trustee (other than a bare trustee)	Long	–	–	39,480,768	4.06%	0.99%
					48,958,000	5.04%	1.23%

Notes:

1. State-owned Assets Supervision and Administration Commission of Shandong Province ("Shandong SASAC") held the entire share capital of Shandong Heavy Industry Group Co., Ltd., which in turn held the entire share capital of Weichai Group Holding Limited (formerly known as Weifang Diesel Engine Works).

2. The number of H shares reported above by the relevant substantial shareholder does not take into consideration the Company's bonus share issuance on 20 August 2015 as there is no disclosure of interest obligation under the SFO where there is no change in percentage of shareholdings for a substantial shareholder.

3. The number of H shares reported above by the relevant substantial shareholder does not take into consideration the Company's bonus share issuance on 17 August 2012 and 20 August 2015 as there is no disclosure of interest obligation under the SFO where there is no change in percentage of shareholdings for a substantial shareholder.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2015.

DETAILS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

I. Shareholdings of the directors, supervisors and chief executives

Ten of the directors, supervisors and chief executives of the Company, namely Tan Xuguang, Zhang Quan, Xu Xinyu, Sun Shaojun, Lu Wenwu, Dai Lixin, Feng Gang, Tong Dehui, Ding Yingdong and Zhang Jiyuan, are shareholders of the Company and have, with confidence in the future development of the Company, voluntarily given their irrevocable undertaking that the shares held by each of them in the Company shall be put under lock-up arrangements for a period up to 30 April 2016.

II. New appointment or resignation of the directors, supervisors and chief executives

1. At the Board meeting convened on 30 March 2015, the Board considered and approved the resignation of Ms. Zhang Fusheng as an executive president of the Company.

2. At the Board meeting convened on 28 April 2015, the Board considered and approved the resignation of Mr. Qian Cheng as a vice president of the Company.

3. At the Board meeting convened on 15 May 2015, the Board considered and approved the appointment of Mr. Dai Lixin as a vice president of the Company.

4. At the conclusion of the annual general meeting of the Company held on 30 June 2015, Mr. Julius G. Kiss, Ms. Han Xiaoqun and Mr. Chu, Howard Ho Hwa retired as directors of the Company and Mr. Sun Chengping retired as a shareholder representative supervisor of the Company.

5. At the meeting of heads of staff representative (職工代表團長會議) convened on 30 June 2015, Mr. Ma Changhai was elected as a staff representative supervisor of the 4th session of the supervisory committee of the Company.

6. On 6 July 2015, the Board received the written resignation letters from Mr. Yeung Sai Hong and Mr. Fang Hongwei. The Board:

   (i) agreed that Mr. Yeung Sai Hong resign as a non-executive director of the Company with effect from 6 July 2015; and

   (ii) agreed that Mr. Fang Hongwei resign as an executive director and a member of the strategic development and investment committee of the Company with effect from 6 July 2015.

7. At the Board meeting convened on 2 November 2015, the Board considered and approved the appointment of Mr. Zhang Jiyuan as a vice president of the Company.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the remuneration committee of the Company (the “Remuneration Committee”) on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Group’s operating results, individual performance and comparable market statistics.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company and any of its subsidiaries a party to any arrangements that enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the PRC, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

INCOME TAX FOR H SHAREHOLDERS

According to the regulations in the Enterprise Income Tax Law of the People's Republic of China, Implementation Regulations on Enterprise Income Tax Law of People's Republic of China which came into effect in 2008 and the Notice of the State Administration of Taxation on Issues Relating to the Withholding and Remittance of Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to Overseas Non-resident Enterprises which hold H Shares (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) issued by China's State Administration of Taxation on 6 November 2008 (collectively, the "Tax Law"), any domestic enterprise of the PRC which pays dividends to non-resident enterprise shareholders (as defined in the Tax Law) for the year of 2008 and thereafter shall withhold and remit enterprise income tax with the payer as withholding agent. After receiving dividends, non-resident enterprise shareholders may, where applicable, apply for tax refund pursuant to relevant requirements under tax treaty (arrangement).

In accordance with the Tax Law, the Company is obliged to withhold and remit enterprise income tax at the rate of 10% on behalf of the non-resident enterprise holders of H Shares whose names appear on the register of members for H Shares of the Company on the Record Date when distributing dividends to them. For holders of H Shares who are registered in the name of non-natural person registered shareholders (including HKSCC (Nominees) Limited, other corporate nominees, trustees, or other organisations or groups which are all treated as "non-resident enterprise" shareholders) on the register of members for H Shares of the Company on the Record Date, the Company will distribute the cash dividends, after withholding for payment of 10% enterprise income tax.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax (Caishui [1994] No. 20) (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》(財稅字 [1994]020號)), foreign individual resident shareholders are exempt from personal income tax in respect of the dividends or bonus received from domestic foreign invested enterprises for now. As the Company is a foreign invested enterprise, for all natural person shareholders whose names are registered on the register of members for H Shares of the Company on the Record Date, the Company does not need to withhold personal income tax. The Company shall obtain latest updates by consulting relevant tax authorities in the PRC in due course.

If anyone would like to change the identity of the holders in the register of members, please enquire about the relevant procedures with the nominees or trustees. The Company will withhold for payment of the enterprise income tax for its non-resident enterprise shareholders strictly in accordance with the relevant laws and requirements of the relevant government departments and adhere strictly to the information set out in the Company's register of members on the Record Date.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales during the year under review attributable to the Group's five largest customers were less than 30% of the Group's total sales.

The aggregate purchase during the year under review attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases.

Save as disclosed above, at no time during the year under review did a director, a supervisor, an associate of a director or a shareholder of the Company, which to the knowledge of the directors, own more than 5% of the Company's share capital, have an interest in any of the Group's five largest suppliers or customers.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises five independent non-executive directors of the Company. The chairman of the Audit Committee is Mr. Wang Gongyong, an independent non-executive director. Mr. Wang has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules, for the purpose of this appointment. Throughout the year, the Audit Committee discharged its responsibilities, reviewed and discussed the financial results and internal control matters of the Company. In accordance with the requirements of Appendix 16 to the Listing Rules, the Audit Committee has reviewed the audited consolidated financial statements for the Year.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE IN APPENDIX 14 TO THE LISTING RULES

Throughout the year, other than the roles of the Chairman and the Chief Executive Officer being performed by Mr. Tan Xuguang ("Mr. Tan") and directors not being able to attend all annual general meeting and extraordinary general meetings due to other important work-related affairs, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

Mr. Tan is in charge of the overall management of the Company. The Company considers that the combination of the roles of the Chairman and the Chief Executive Officer can promote the efficient formulation and implementation of the Company's strategies which will enable the Group to grasp business opportunities efficiently and promptly. The Company considers that through the supervision of its board and its independent non-executive directors, there is adequate balance of power and authority in place.

COMPLIANCE WITH THE MODEL CODE

During the year, the Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all directors, the directors have confirmed that they have complied with the required standard set out in the Model Code for the year under review.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, the Company has maintained the prescribed public float under the Listing Rules as at the date of this announcement.

AUDITORS

The Company appointed Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合伙)) as the Company's only auditors with effect from 18 May 2011 for its accounts prepared under PRC accounting principles and financial regulations. Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合伙)) will retire and a resolution for their reappointment as auditors of the Company for the year of 2016 will be proposed at the forthcoming annual general meeting.

APPROVAL OF THE FINANCIAL STATEMENTS

The audited consolidated financial statements for the year were approved by the Board on 30 March 2016.

PUBLICATION OF THE ANNUAL REPORT ON THE WEBSITES OF THE HONG KONG STOCK EXCHANGE AND THE COMPANY

The 2015 annual report will be despatched to the shareholders as well as made available on the Hong Kong Stock Exchange's website at www.hkexnews.hk and the Company's website at www.weichaipower.com in due course.

Tan Xuguang
Chairman and Chief Executive Officer

Hong Kong, 30 March 2016

As at the date of this announcement, the executive Directors of the Company are Mr. Tan Xuguang, Mr. Zhang Quan, Mr. Xu Xinyu, Mr. Li Dakai and Mr. Sun Shaojun; the non-executive Directors of the Company are Mr. Wang Yuepu, Mr. Jiang Kui and Mr. Gordon Riske; and the independent non-executive Directors of the Company are Mr. Loh Yih, Mr. Zhang Zhenhua, Mr. Zhang Zhong, Mr. Wang Gongyong and Mr. Ning Xiangdong.