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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2013	2012	**Change**
	RMB'000	*RMB'000*	*(%)*
Revenue	**6,489,908**	5,998,983	+8.2
Gross profit	**648,005**	593,487	+9.2
Profit for the period	**74,955**	61,923	+21.0
Profit attributable to the owners of the Company	**42,905**	31,003	+38.4

INTERIM RESULTS

The board of directors (the "Board") of Wuling Motors Holdings Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2013.

The interim financial results are unaudited, but have been reviewed by Deloitte Touche Tohmatsu in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, whose independent review report is included in the interim report to be sent to the shareholders. The interim financial results have also been reviewed by the Audit Committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	NOTES	Six months ended 30 June 2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Revenue	3	**6,489,908**	5,998,983
Cost of sales		**(5,841,903)**	(5,405,496)
Gross profit		**648,005**	593,487
Other income		**21,496**	42,708
Other gains and losses		**9,635**	13,727
Selling and distribution costs		**(154,460)**	(155,547)
General and administrative expenses		**(383,089)**	(341,104)
Share of profit of a joint venture		**323**	–
Finance costs		**(47,834)**	(61,879)
Profit before taxation		**94,076**	91,392
Income tax expense	4	**(19,121)**	(29,469)
Profit for the period	5	**74,955**	61,923
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences arising from translation of foreign operation		**811**	1,002
Exchange reserve released upon disposal of subsidiaries	9	**–**	(247)
Other comprehensive income for the period		**811**	755
Total comprehensive income for the period		**75,766**	62,678
Profit for the period attributable to:			
Owners of the Company		**42,905**	31,003
Non-controlling interests		**32,050**	30,920
		74,955	61,923
Total comprehensive income for the period attributable to:			
Owners of the Company		**43,716**	31,758
Non-controlling interests		**32,050**	30,920
		75,766	62,678
Earnings per share	7		
— Basic		**3.66 cents**	2.65 cents
— Diluted		**3.14 cents**	1.77 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	NOTES	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	**1,482,055**	1,294,854
Prepaid lease payments		**212,058**	189,918
Premium on prepaid lease payments		**935**	947
Investment properties	8	**7,202**	7,024
Intangible assets		**628**	628
Interest in a joint venture	20	**12,308**	–
Goodwill	18	**5,252**	5,252
Deposits for acquisition of land use rights		**–**	25,200
Deposits for acquisition of property, plant and equipment		**173,716**	247,172
		1,894,154	1,770,995
CURRENT ASSETS			
Inventories		**689,263**	710,516
Trade and other receivables	10	**7,109,591**	6,949,514
Prepaid lease payments		**4,687**	4,126
Tax recoverable		**683**	5,756
Pledged bank deposits		**650,076**	779,932
Bank balances and cash		**164,775**	483,161
		8,619,075	8,933,005
CURRENT LIABILITIES			
Trade and other payables	11	**7,539,657**	7,517,993
Amounts due to shareholders		**140,343**	170,962
Provision for warranty		**150,332**	146,501
Tax payable		**31,006**	9,828
Derivative financial instrument	12	**1,462**	7,534
Convertible loan notes	12	**79,527**	–
Bank borrowings — due within one year	13	**644,463**	953,328
		8,586,790	8,806,146
NET CURRENT ASSETS		**32,285**	126,859
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,926,439**	1,897,854

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	NOTES	**30 June 2013** *RMB'000* **(Unaudited)**	31 December 2012 *RMB'000* (Audited)
NON-CURRENT LIABILITIES			
Amounts due to shareholders		**574,417**	526,323
Convertible loan notes	*12*	**–**	81,869
Bank borrowings — due after one year	*13*	**969**	1,054
Deferred tax liabilities		**16,880**	23,366
		592,266	632,612
		1,334,173	1,265,242
CAPITAL AND RESERVES			
Share capital	*14*	**4,526**	4,524
Reserves		**571,744**	533,673
Equity attributable to owners of the Company		**576,270**	538,197
Non-controlling interests		**757,903**	727,045
		1,334,173	1,265,242

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

The Group's principal operations are conducted in the PRC. The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments and investment properties, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In addition, the Group adopted the following accounting policies in relation to changes in the Group's ownership interests in existing subsidiaries and investments in joint ventures during the current interim period.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 Noncurrent Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") effective in the current period

In the current interim period, the Group has applied, for the first time, the following new or revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant for the preparation of the Group's condensed consolidated financial statements:

HKFRS 10	*Consolidated Financial Statements;*
HKFRS 11	*Joint Arrangements;*
HKFRS 12	*Disclosure of Interests in Other Entities;*
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance;*
HKFRS 13	*Fair Value Measurement;*
HKAS 19 (as revised in 2011)	*Employee Benefits;*
HKAS 28 (as revised in 2011)	*Investments in Associates and Joint Ventures;*
Amendments to HKFRS 7	*Disclosures — Offsetting Financial Assets and Financial Liabilities;*
Amendments to HKAS 1	*Presentation of Items of Other Comprehensive Income;*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2009-2011 Cycle; and*
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine.*

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable operating segments for the period under review:

	Engines and related parts *RMB'000*	Automotive components and accessories *RMB'000*	Specialized vehicles *RMB'000*	Trading of raw materials, and provision of water and power supply *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Consolidated *RMB'000*
Six months ended 30 June 2013							
REVENUE							
External sales	**1,830,298**	**3,294,432**	**1,034,725**	**326,532**	**3,921**	**–**	**6,489,908**
Inter-segment sales	**363,910**	**92,967**	**2,923**	**132,149**	**–**	**(591,949)**	**–**
Total	**2,194,208**	**3,387,399**	**1,037,648**	**458,681**	**3,921**	**(591,949)**	**6,489,908**
Segment profit (loss)	**69,070**	**47,400**	**19,207**	**9,697**	**(293)**		**145,081**
Bank interest income							**14,142**
Change in fair value of investment properties							**346**
Central administration costs							**(24,054)**
Change in fair value of derivative financial instrument							**6,072**
Share of profit of a joint venture							**323**
Finance costs							**(47,834)**
Profit before taxation							**94,076**
Six months ended 30 June 2012							
REVENUE							
External sales	1,832,665	2,822,243	886,146	457,772	157	–	5,998,983
Inter-segment sales	18,567	388,642	9,733	315,306	–	(732,248)	–
Total	1,851,232	3,210,885	895,879	773,078	157	(732,248)	5,998,983
Segment profit (loss)	71,403	30,023	36,400	20,331	(4,348)		153,809
Bank interest income							10,008
Change in fair value of investment properties							82
Central administration costs							(24,203)
Change in fair value of derivative financial instrument							12,097
Gain on disposal of subsidiaries							1,710
Loss on disposal of available-for-sale investments							(232)
Finance costs							(61,879)
Profit before taxation							91,392

4. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Tax charge represents:		
PRC Enterprise Income Tax ("EIT")		
Current period	**24,174**	22,722
Underprovision in prior years	**8,230**	4,755
	32,404	27,477
Deferred tax		
Current period	**(13,283)**	1,992
	19,121	29,469

The PRC

Under the PRC law on EIT and its implementation regulations, the EIT tax rate applicable to the Group's PRC subsidiaries is 25% from 1 January 2008 onwards. However, as the PRC subsidiaries are situated in specified provinces in western China, according to the relevant regulations, provided that they are engaged in government-encouraged industries to the extent of 60% of their business, they are entitled to a preferential EIT rate of 15%. In the opinion of the directors, during the current interim period, all PRC subsidiaries, other than Wuling Industrial, qualified for the preferential EIT rate.

Wuling Industrial had previously estimated its EIT provision for the year ended 31 December 2012 using the preferential EIT rate of 15% but subsequently found that it did not fulfill all the conditions required for such preferential treatment. Accordingly, an under-provision of EIT of RMB7,084,000 was recognized in profit and loss for the current interim period.

The EIT law also requires withholding tax of 5% or 10% upon distribution of profits by the PRC subsidiaries since 1 January 2008 to its overseas (including Hong Kong) shareholders. Prior to the current interim period, the Group had accrued withholding tax at the rate of 10% pending clarification from the relevant tax authority.

In July 2013, the Group received confirmation from the relevant tax authority that it was entitled to a withholding tax rate of 5% effective from October 2009. Accordingly, a reversal of withholding tax previously provided as deferred tax, amounting to RMB14,836,000, was recognized in profit and loss in the current interim period.

Hong Kong

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

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

5. PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Profit for the period has been arrived at after charging (crediting) the following items:		
Directors' emoluments	**2,012**	2,068
Other staff costs	**249,623**	215,685
Retirement benefit scheme contributions, excluding directors	**50,868**	65,170
Total staff costs	**302,503**	282,923
Gross property rental income	**(185)**	(157)
Less: direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**–**	1
Net rental income	**(185)**	(156)
Change in fair value of derivative financial instruments	**(6,072)**	(12,097)
Gain on disposal of subsidiaries *(note 9)*	**–**	(1,710)
Gain on disposal of property, plant and equipment	**(98)**	(153)
Gain on revaluation of investment properties	**(346)**	(82)
Fair value change of held-for-trading investments	**–**	(1)
Loss on disposal of available-for-sale investments	**–**	232
Net exchange (gain) loss	**(3,119)**	84
Other gains and losses	**(9,635)**	(13,727)
Cost of inventories recognized as an expense	**5,841,903**	5,405,496
Depreciation of property, plant and equipment	**75,758**	58,268
Release of prepaid lease payments (included in general and administrative expenses)	**2,499**	2,173
Release of premium on prepaid lease payments (included in general and administrative expenses)	**12**	12
Research and development expenses (included in general and administrative expenses)	**87,440**	59,171
Bank interest income	**(14,142)**	(10,008)

6. DIVIDEND

During the current interim period, a final dividend of HK0.5 cent per share in respect of the year ended 31 December 2012 (2012: HK0.5 cent per share in respect of the year ended 31 December 2011) was declared and paid to the owners of the Company. The aggregate amount of the final dividend paid in the current interim period amounted to approximately HK$5,855,000 (or equivalent to RMB4,709,000) (2012: HK$5,853,000).

No dividends were proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the current interim period (2012: Nil).

7. EARNINGS PER SHARE

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

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Earnings:		
Earnings for the purpose of basic earning per share (profit for the period attributable to owners of the Company)	**42,905**	31,003
Effect of dilutive potential ordinary shares:		
Interest and exchange difference on convertible loan notes	**4,394**	4,259
Change in fair value of derivative financial instruments	**(6,072)**	(12,097)
Earnings for the purpose of diluted earnings per share	**41,227**	23,165

	For the six months ended 30 June	
	2013	2012
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,171,002**	1,170,605
Effect of dilutive potential ordinary shares:		
Share options	**6,364**	–
Convertible loan notes	**136,986**	136,986
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,314,352**	1,307,591

The computation of diluted earnings per share for six months ended 30 June 2012 did not assume the exercise of the outstanding share options as the exercise price was higher than the average market price of the Company's shares during that period.

8. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

Investment properties

The Group's investment properties on 30 June 2013 were fair valued by Vigers Appraisal Consulting Limited ("Vigers"), a firm of qualified professional valuers not connected with the Group.

During the six months ended 30 June 2012, the Group (i) disposed of two subsidiaries which held investment properties with an aggregate fair value of RMB26,411,000 at the date of disposal, as valued by Vigers, and (ii) acquired investment properties for a cash consideration of RMB2,247,000 on 29 June 2012.

The valuations by Vigers were arrived at by reference to market evidence of transactions for similar properties. For the current interim period, the Group recognized a fair value gain of RMB346,000 attributable to its investment properties in profit and loss (2012: RMB82,000).

All the Group's investment properties are situated in Hong Kong and held under long term leases.

Properties, plant and equipment

During the current interim period, additions to the Group's property, plant and equipment amounted to RMB263,562,000 (2012: RMB162,297,000). In addition, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of RMB590,000 (2012: RMB2,244,000) for a cash proceeds of RMB688,000 (2012: RMB2,397,000), resulting in a gain on disposal of RMB98,000 (2012: RMB153,000).

9. DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June 2012, the Group entered into an agreement with Dragon Hill Holdings Limited ("DH Holdings") to dispose of its 100% equity interest in Jenpoint Limited ("Jenpoint") and Dragon Hill Financial Services Holdings Limited ("DHFS"), which were principally engaged in property investment, for a cash consideration of HKD6,000,000 (equivalent to RMB4,890,000). DH Holdings is a company wholly owned by Mr. Lee Shing ("Mr. Lee"), a substantial shareholder and a director of the Company. Details of the disposal were disclosed in the Company's announcement dated 16 May 2012.

The net assets of Jenpoint and DHFS on 28 May 2012, the date of disposal were as follows:

	RMB'000
Analysis of assets and liabilities over which control was lost:	
— Investment properties	26,411
— Properties, plant and equipment	1,326
— Other receivables	95
— Bank balances and cash	15
— Bank borrowings	(24,266)
— Other payables and accruals	(122)
— Deferred tax liabilities	(32)
	3,427
Reclassification of cumulative exchange reserve upon disposal to profit or loss	(247)
	3,180
Gain on disposal	1,710
Total consideration	4,890
Net cash inflow arising on disposal:	
Total cash consideration received	4,890
Bank balances and cash disposed of	(15)
	4,875

The subsidiaries disposed during the six months ended 30 June 2012 did not contribute significantly to the results and cash flows of the Group during the period prior to the disposal.

10. TRADE AND OTHER RECEIVABLES

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

An aging analysis of trade and bills receivables (net of allowance for doubtful debts) based on the invoice dates or bills issue dates is as follows:

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
0 to 90 days	**4,471,185**	4,088,087
91 to 180 days	**1,917,535**	1,715,720
181 to 365 days	**123,845**	50,616
Over 365 days	**7,588**	7,331
	6,520,153	5,861,754

Included in trade receivables balance are amounts of RMB1,529,616,000 (31 December 2012: RMB1,292,579,000) which goods are delivered but invoices not yet issued. The balance is included in 0 to 90 days band in the above aged analysis.

11. TRADE AND OTHER PAYABLES

An aging analysis of trade and bills payables based on the invoice dates or bills issue dates is as follows:

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
0 to 90 days	**5,136,206**	4,872,527
91 to 180 days	**1,555,638**	1,998,820
181 to 365 days	**127,206**	155,726
Over 365 days	**74,840**	26,114
	6,893,890	7,053,187

Included in trade payables balance are amounts of RMB1,517,761,000 (31 December 2012: RMB1,598,684,000) which goods are received but invoices not yet received. The balance is included in 0 to 90 days band in the above aged analysis.

12. DERIVATIVE FINANCIAL INSTRUMENT/CONVERTIBLE LOAN NOTES

On 12 January 2009, the Company issued convertible loan notes with an aggregate principal sum of HK$100,000,000 at par (equivalent to approximately RMB88,069,000) to Wuling HK ("CN 2014"). CN 2014 is denominated in Hong Kong dollars and carries interest at 6% per annum with maturity on 12 January 2014. CN 2014 entitles the holder to convert, in whole or in part, the principal sum into ordinary shares of the Company on any business day commencing from 12 January 2010 upto the fifth business days prior to the maturity date, at a conversion price of HK$0.74 per ordinary share, subject to anti-dilutive adjustments. Unless converted, CN 2014 will be redeemed on the maturity date at par. As a result of the share placement and subscription at a discount on 12 March 2010, the conversion price of CN 2014 was adjusted from HK$0.74 per share to HK$0.73 per share with effect from 12 March 2010.

CN 2014 contains two components, being a liability component and a conversion option derivative.

The movements of the liability component of CN 2014 during the period are set out below:

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
At the beginning of the period	**81,869**	78,524
Effective interest expense	**4,394**	4,259
Interest paid	**(4,825)**	(4,890)
Exchange difference	**(1,911)**	(448)
At the end of the period	**79,527**	77,445

Movement in the fair value of the conversion option derivative component of CN 2014 during the period is as follows:

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
At the beginning of the period	**7,534**	18,843
Changes in fair value recognized in profit and loss during the period	**(6,072)**	(12,097)
At the end of the period	**1,462**	6,746

13. BANK BORROWINGS

	At 30 June 2013	At 31 December 2012
	RMB'000	*RMB'000*
Secured	**6,661**	22,941
Unsecured	**431,887**	508,580
	438,548	531,521
Advances drawn on bills receivable discounted with recourse *(note)*	**206,884**	422,861
	645,432	954,382
Comprising		
— Amount due on demand or within one year	**644,463**	953,328
— Amount due after one year	**969**	1,054
	645,432	954,382

Note: The amount represents the Group's other borrowings secured by the bills receivable discounted to bank with recourse.

During the current interim period, the Group obtained new unsecured bank loans of RMB180 million (2012: RMB208 million) which were used to repay existing bank loans and to finance the Group's daily operation.

The Group's bank loans carry interest at variable market rates based on Hong Kong Inter-bank Offered Rate or the People's Bank of China Benchmark Interest Rate, ranging from 2.2% to 6% (2012: 2.3% to 7.2%) per annum and are repayable in installments over a period of 1 to 8 years (2012: 1 to 15 years).

14. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Authorized:		
Ordinary shares of HK$0.004 each	25,000,000,000	100,000
Convertible preference shares of HK$0.001 each	1,521,400,000	1,521
Balance at 1 January 2012, 30 June 2012, 31 December 2012 and 30 June 2013		101,521
Issued and fully paid:		
As at 1 January 2012, 30 June 2012 and 31 December 2012	1,170,605,390	4,682
Exercise of share options	460,000	2
As at 30 June 2013	1,171,065,390	4,684
		RMB'000
Shown in the financial statements as		
— 31 December 2012		4,524
— 30 June 2013		4,526

15. SHARE OPTION SCHEME

(a) Old Share Option Scheme

On 11 June 2002, the Company adopted a share option scheme (the "Old Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the Group's operations, which was terminated by the shareholders of the Company in the Company's annual general meeting held on 28 May 2012 upon the adoption of the new share option scheme (the "New Share Option Scheme").

The table below discloses movement of the Company's share options held by the Group's directors, advisors and employees under the Old Share Option Scheme:

	Number of share options			
	Directors	Advisors	Employees (Continuous Contracts)	Total
Outstanding at 1 January 2013	6,649,997	2,518,939	21,184,193	30,353,129
Forfeited during the period	–	–	(806,061)	(806,061)
Outstanding at 30 June 2013	6,649,997	2,518,939	20,378,132	29,547,068

Included in the share options granted to employees under the Old Share Option Scheme, a number of 352,651 share options were granted to an employee of the Company who is the spouse of Mr. Lee Shing, an executive director and who has significant influence over the Company.

(b) New Share Option Scheme

Pursuant to an ordinary resolution passed by the shareholders of the Company on 28 May 2012, the New Share Option Scheme with an expiry date on 27 May 2022 was adopted by the Company .

The table below discloses movement of the Company's share options held by the Group's directors and employees under the New Share Option Scheme:

	Number of share options		
	Directors	**Employees (Continuous Contracts)**	**Total**
Outstanding at 1 January 2013	18,000,000	87,900,000	105,900,000
Exercised during the period	–	(460,000)	(460,000)
Forfeited during the period	–	(650,000)	(650,000)
Outstanding at 30 June 2013	18,000,000	86,790,000	104,790,000

Included in the share options granted to employees under the New Share Option Scheme, a number of 1,600,000 share options were granted to an employee of the Company who is the spouse of Mr. Lee Shing, an executive director and who has significant influence over the Company.

16. CAPITAL AND OTHER COMMITMENTS

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of:		
— construction in progress	**167,945**	220,681
— property, plant and equipment	**142,001**	53,542
	309,946	274,223

17. OPERATING LEASES

The Group as lessee

Minimum lease payments made under operating leases during the period was RMB19,263,000 (2012: RMB20,947,000).

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Within one year	**31,867**	32,944
In the second to fifth year inclusive	**44,247**	60,099
	76,114	93,043

Operating lease payments represent rental payable by the Group for certain of its office and warehouse properties with fixed monthly rentals for an average term of three years.

18. ACQUISITION OF A SUBSIDIARY

On 31 March 2012, the Group acquired 75% interest in 吉林綽豐柳機內燃機有限公司 Jilin Chuofeng Liuji Motors Company Limited ("Jilin Chuofeng") which is principally engaged in the manufacture of combustion engines, for expansion of the Group's engines and related parts business in the northern region of the PRC, for a consideration of RMB26,450,000.

Details of the consideration transferred, assets acquired and liabilities assumed relating to the acquisition are set out below.

Consideration transferred

	Notes	*RMB'000*
Cash		23,000
Deferred consideration	*(i)*	3,450
Total consideration		26,450

Assets and liabilities recognized at the date of acquisition

Current assets		
Inventories		34,374
Trade and other receivables	*(ii)*	30,416
Pledged bank deposits		8,925
Bank balances and cash		4,928
Non-current assets		
Property, plant and equipment		28,235
Prepaid lease payments		22,605
Current liabilities		
Trade and other payables		(70,714)
Bank borrowings		(23,000)
Non-current liabilities		
Deferred tax liabilities		(7,505)
		28,264
Non-controlling interest	*(iii)*	(7,066)
		21,198
Goodwill arising on acquisition	*(iv)*	5,252

Net cash outflow arising on acquisition

Consideration paid in cash	10,000
Less: cash and cash equivalents balances acquired	(4,928)
	5,072

Notes:

(i) The consideration was settled by the Group in July 2013.

(ii) The receivable acquired (which principally comprised trade receivables) with a fair value of RMB30,416,000 at the date of acquisition had gross contractual amounts of RMB30,416,000.

(iii) The non-controlling interests (25%) in Jilin Chuofeng recognized at the acquisition date was measured by reference to the proportionate share of recognized amounts of net assets of Jilin Chuofeng.

(iv) Goodwill arose on the acquisition of Jilin Chuofeng because the acquisition included the assembled workforce of Jilin Chuofeng and prospective new customers as at the date of acquisition. These assets could not be separately recognized from goodwill because they are not capable of being separated from the Group and sold, transferred, licensed, rented or exchanged, either individually or together with any related contracts.

No part of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

(v) Acquisition-related costs of RMB108,000 were excluded from the cost of acquisition and were recognized directly as an expense for the six months ended 30 June 2012.

(vi) Included in the profit for the six months ended 30 June 2012 is a loss of RMB563,000 attributable to Jilin Chuofeng. Revenue of the Group for the six months ended 30 June 2012 includes an amount of RMB54,023,000 attributable to Jilin Chuofeng.

Had the acquisition of Jilin Chuofeng been effected on 1 January 2012, the Group's total revenue and profit for the six months ended 30 June 2012 would have been RMB6,008,048,000 and RMB59,490,000, respectively. This proforma information is for illustrative purposes only and is not necessarily an indication of the Group's revenue and results of operations that actually would have been achieved had the acquisition been completed on 1 January 2012, nor is it intended to be a projection of future results.

In determining the above 'pro-forma' revenue and profit of the Group, the directors calculated depreciation and amortization of plant and equipment based on the recognized amounts of plant and equipment at the date of the acquisition.

19. ACQUISITION OF ADDITIONAL INTERESTS IN A SUBSIDIARY

On 23 January 2013, Wuling Industrial, acquired an additional 2% equity interest in Liuzhou Wuling Specialized Vehicles Manufacturing Company Limited from Liuzhou Wuling at a consideration of RMB1,792,000. Details of the acquisition were disclosed in the Company's announcement dated 23 January 2013.

20. INTEREST IN A JOINT VENTURE

On 29 January 2013, the Group acquired 51% equity interest in Qingdao Dianshi from an independent third party at a cash consideration of RMB11,985,000. Qingdao Dianshi is principally engaged in the manufacture of automotive accessories and is one of the suppliers of the Group.

The Group holds 51% of the share capital of Qingdao Dianshi. However, Qingdao Dianshi is jointly controlled by the Group and the other significant shareholders by virtue of contractual arrangements among shareholders which requires two-third shareholders' approval for major business decisions. Therefore, Qingdao Dianshi is classified as joint venture of the Group.

21. RELATED PARTY DISCLOSURES

Related party transactions

Company	Relationship	Transactions	For the six months ended 30 June 2013 *RMB'000*	2012 *RMB'000*
Liuzhou Wuling Motors Company Limited and its subsidiaries and associates other than the Group and SGMW (collectively referred to as the "Liuzhou Wuling Group")	Liuzhou Wuling, being substantial shareholder of the Group, and its affiliates	Sales of raw materials and automobile components by the Group	**170,208**	95,176
		Purchase of automobiles component and other accessories by the Group	**43,632**	35,011
		Purchases of mini passenger buses by the Group	**153,671**	85,135
		Purchase of air-conditioning parts and accessories by the Group	**3,613**	2,794
		License fee paid by the Group	**650**	1,650
		Rental expenses paid by the Group	**14,113**	16,565
		Procurement services of water and power by the Group	**574**	963
		Purchases of electronic devices and components by the Group	**3,538**	677
		Interest expenses paid by the Group on		
		— Amount due to shareholder	**8,522**	2,331
		— Advances drawn on bills receivables	**7,544**	–
		Acquisition of additional interest in a subsidiary *(note 19)*	**1,792**	–
Qingdao Dianshi	Joint venture	Purchase of automobiles component and other accessories by the Group	**36,010**	–
SAIC-GM-Wuling Automobile Co., Ltd. ("SGMW")	Related party	Sales by the Group	**4,215,096**	4,253,553
		Purchase of materials by the Group	**1,072,187**	1,049,772
		Warranty costs incurred by the Group	**12,909**	11,159

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Performances

We are pleased to present the unaudited results of Wuling Motors Holdings Limited for the six months ended 30 June 2013.

Supported by the continuous growth in the local economy, the automobile industry in China maintained its momentum of growth during the first 6-months period of 2013. Total number of motor vehicles sold in China increased steadily by 12.3% as compared to the corresponding period in last year and reached 10.8 million vehicles. A relatively stable economic environment and neutral government policies nurture healthy demands and positive sentiments, and essentially, are more conducive to the sustainable growth of the automobile industry in China. In line with the market condition, during the first half of 2013, the Group recorded total revenue of RMB6,489,908,000, representing an increase of 8.2% as compared to the corresponding period in last year.

Gross profit for the period under review was RMB648,005,000, representing an increase of 9.2%. Increases in revenue and gradual improvement in the scale operations of the automotive components and specialized vehicles divisions benefited the margin performance of the Group, in spite of the adverse impact from a steadily lower selling price of the Group's products and the continuous operating losses incurred by the foundry facilities of the engines division during the period.

Benefited from the reversal of a withholding tax as explained below and a reduction in the finance cost, net profit of the Group for the first half of 2013 was RMB74,955,000, representing an increase of 21.0% as compared to the corresponding period in last year. However, increases in the general and administrative expenses, primarily attributable to the increases in staff and administrative costs incurred for the operations of the new facilities and the additional research and development expenses incurred for various new projects during the period impeded a more remarkable performance in profitability. Profits attributable to the owners of the Company was RMB42,905,000, representing an increase of 38.4%. The increase was primarily attributable to the reversal of a withholding tax amounting to RMB14,836,000 which was previously provided by the Company. The reversal was made pursuant to a notice issued by the relevant tax authority in July 2013 which confirmed that the profits generated from our principal subsidiary, Liuzhou Wuling Motors Industrial Company Limited ("Wuling Industrial"), entitled by the Group was allowed to be taxed according to a lower withholding tax rate with effect from October 2009.

Opportunities and Challenges

The economic environment in China continued to undergo certain structural adjustments during the first half of 2013. Different enterprises in different economic aspects faced different extent of challenges and difficulties where the China automobile industry was also subjected to. According to the data released by China Association of Automobile Manufacturers, the optimistic trend of the automobile industry in China continued in the first half of 2013 where total number of motor vehicles sold in China increased steadily by 12.3% as compared to the corresponding period in last year and reached 10.8 million vehicles. Such increase was, however, mainly attributable to the growth in passenger vehicles. When taking our Group focused commercial-type vehicles segment into account solely, the growth was only moderate. As a major participant in the commercial-type vehicles segment in China, the Group envisages the following challenges and difficulties would continue to exert significant impact on the Group business strategies and performance in the near future:

i. The consequential backlash from the previous aggressive stimulus programs which had eventually distorted the consumption pattern of motor vehicles, especially the commercial-typed vehicles;

ii. The problem of environment issues and traffic congestion resulting in the government policy in restricting the usage of roads by the private vehicles and the purchase of second vehicle which had adversely affected the buying sentiment of the consumers;

iii. The increasing labour costs and overheads which drove up production costs in the manufacturing sector; and

iv. The implementation of the regulatory measures by the central government for fine-tuning the cyclical fluctuations of the local economy led to uncertainties in the market.

As stated in our previous annual reports, notwithstanding the relatively favourable business environment in previous years, the Group had been conservative when implementing business strategies and had never underestimated the risks associated with excessive capacities and regulatory changes. Therefore, apart from implementing appropriate capacity expansion strategies, the Group had also undertaken quality services oriented and technical re-engineering programs to further strengthen our product quality standard and technical capability so as to stay competitive in the industry. The Group believes this combined strategy is essential for the corporate development of an enterprise in this challenging environment.

The Group is full of confidence in the long term growth potential of the China automobile industry and realizes in business, challenges and opportunities are indistinguishable to each other. An effective business model can translate challenges into opportunities, which to a great extent, relies on the determined goals and effective strategies of the enterprises.

To cope with the challenges as well as to grasp the opportunities in the automobile industry, the Group has been conscientiously undertaking the following strategies and programs:

a. Technical re-engineering projects such as the specialization programs in our engines and automotive components divisions for the purpose of implementing vertical integration of our existing products, as well as to supplying new lines of products to our core and new customers;

b. Business expansion programs aiming at other car manufacturers in China to develop a healthy diversification of businesses of our (1) engines and parts and (2) automotive components and accessories divisions;

c. Various capacity expansion programs in our automotive components and specialized vehicles divisions through the setup of the new production facilities, such as the larger projects in Qingdao and Liuzhou, as well as other minor scale projects in other geographical regions to enhance productivity and to increase capacity to cope with the increasing demands coming from our core and new customers;

d. Strengthening of the technical capability through research and innovation with market oriented strategies to intensify new product development projects aiming at improving our technical know and enhancing the overall profitability of the Group; and

e. Certain upgrading and integration programs for the operations with the objective to improve efficiency and performance standard, as well as to contain cost of production in order to stay highly competitive in the market.

Outlook

The Group envisages business environment in China to be highly competitive and challenging in this year and the years ahead. Keen competitive business environment will continue to pressurize the automobile related enterprises in formulating appropriate business and market strategies responding to the dynamic market situation. Meanwhile, cyclical fluctuations in the local economy will continue to cause market sentiments to be more conservative and selective. However, being the world largest automobile market, the Group is full of confidence and considers the existing challenges can be overcome by effective strategies and will be beneficial to the industry in the long run. Despite the challenges and difficulties faced under the current market environment, the Group expects the China economy will continue to expand. Rising affluence of the general public attributable to the sustained economic growth will necessarily encourage demands for motor vehicles and provide promising business opportunities to the Group.

Through conscientious plans and efforts of the Group, the management is confident that our long term business potential in the China automobile industry will continue to be strengthened. With the continuous supports from Liuzhou Wuling Motors Company Limited ("Liuzhou Wuling"), our controlling shareholder and joint venture partner, and our customers, we firmly believe the business prospect of the Group is promising and will bring rewards to our shareholders.

OPERATION REVIEW — BY KEY BUSINESS SEGMENTS

The business performance and evaluation of the Group's four main business segments namely (1) engines and parts; (2) automotive components and accessories; (3) specialized vehicles; and (4) trading and supply services for the first half of 2013 are detailed below:

Engines and Parts

Turnover (based on external sales) of the engines and parts division for the six months ended 30 June 2013 was RMB1,830,298,000, maintained at the same level as compared to the corresponding period in last year. Operating profit for the respective period was RMB69,070,000, representing a decrease of 3.3%.

Total number of engines sold by the subsidiary, Liuzhou Wuling Liuji Motors Company Limited ("Wuling Liuji"), for the first half of 2013 maintained at the level of 320,000 units, representing a decrease of 15% as compared to corresponding period in last year. Meanwhile, revenue generated from sales of products other than engine sets increased significantly to approximately RMB106,000,000, accounting for about 6% of the total turnover of this division.

During this period, sales to SGMW, our core customer, amounted to approximately RMB1,234,000,000 and continued to account for the majority portion of the division's revenue. As reported earlier, gradual increases in the application of self-produced engines by SGMW in its operations resulted in a reduction in sales to SGMW. However, contribution from other customers' sales and additional revenue generated from the sales of the new products other than the engine sets had to certain extent compensated the reduction, such that total sales of this division was able to maintain at a similar level as compared to the corresponding period in last year.

For further expansion and diversification of the Group's engines and parts businesses, Wuling Liuji has been actively pursuing projects for other automobile manufacturers over the years. Sales, primarily engine sets, to other customers, such as, FAW Haima, FAW Jilin, Gonow Auto, Ziyang Nanjun Auto, Beiqi Foton and Mianyang Huaxin, etc (一汽海馬、一汽吉林、吉奧汽車、資陽南駿汽車、北汽福田、綿陽華鑫等) increased to approximately RMB600,000,000 for the first half of 2013, representing approximately 33% of the total revenue of this division.

Sales of agricultural machinery products remained stable during the first half of 2013.

Operating margin slightly decreased to 3.8% as compared to 3.9% recorded in the corresponding period in last year. During this period, operating margin performance continued to be adversely affected by the loss-making operations of the foundry facilities. However, since the commencement of scale productions in the first half of 2013, the situation had been gradually improved and the Group is confident the positive effect from the foundry facilities will be gradually crystallized in the near future where the profitability of the division will be benefited.

The Group remains optimistic on the business outlook for the second half of 2013 and believes our product competitiveness in the market and the gradual positive impact from the on-going vertical integration projects will be beneficial to the performance of this division as well as to place the Group in a better position in facing with the current keen competitive market situation.

Automotive Components and Accessories

Turnover (based on external sales) of the automotive components and accessories division for the six months ended 30 June 2013 was RMB3,294,432,000, representing an increase of 16.7% as compared to the corresponding period in last year. Operating profit for the respective period was RMB47,400,000, representing an increase of 57.9%.

The automotive components and accessories division continued to be the key supplier for supplying a majority portion of the key automotive components to SGMW. Total sales to SGMW, comprised the range of products including the brake and the chassis assembly components, seat sets, various plastic and welding parts and other automotive accessories, continued to increase during the period and accounted for over 95% of the total turnover for this business division. Strong demands for and the increasing market share achieved by the key products of SGMW benefited the business performance of this division during this period. Besides, the satisfactory market performance of the passenger vehicles model — Baojun 630 (寶駿630) of SGMW also contributed to the business performance and provide another promising business potential to this division.

Meanwhile, sales to other customers, including Dongfeng Yuan, Beiqi Foton, Hebei Changan and Qirei, etc (東風渝安、北汽福田、河北長安及奇瑞等) comprising specific automotive components were maintained at a similar level as compared to the corresponding period in last year.

During the period, operating margin continued to improve despite continuous pricing pressures from the key customer on the Group's products and the higher administrative costs, in particular the research and development expenses, incurred for various capacity expansion and upgrading projects.

In view of the anticipated growth of business of SGMW from the existing models and the launch of new models, the Group has been actively undertaken large scale capacity expansion and upgrading programmes which includes: (1) the expansion project for the Qingdao facilities with a target annual capacity of 600,000 units for key automotive components on full completion in 2013; and (2) the new facilities in Hexi Industrial Park, Liuzhou, which has a site area of over 400,000 sqm., in which the first phase has started operational in late 2012. The Group considers these large scale expansion projects are critical to the continuous development of the Group considering the great business potential of the China automobile industry.

In addition, for better control of production quality and to expedite the business expansion programme in Qingdao, during the period, Wuling Industrial acquired a 51% stake in Qingdao Dianshi Motors Accessories Company Limited (青島點石汽車配件有限公司), a supplier of Wuling Industrial which engages in the manufacturing of automotive accessories at a consideration of RMB11,985,000.

Besides actively upgrade its product standard and capability to cope with the needs of customers, the Group has also implemented appropriate corporate restructure programmes so as to stay competitive in the industry. The Group has completed the integration exercise of the operation of this division, which was previously undertaken by the subsidiary Liuzhou Wuling Motors United Development Limited ("Wuling United"), into our principal subsidiary Wuling Industrial. This integration exercise is expected to be beneficial to the division and the Group in term of cost saving and efficiency enhancement.

Notwithstanding the highly competitive market condition, the Group considers the competitive strength of its key customer, SGMW, in the market on the back of its successful models and the launch of new models will continue to provide strong supports to the operation of the automotive components and accessories division in the second half of 2013 and the years onwards.

Specialized Vehicles

Turnover (based on external sales) of the specialized vehicles division for the six months ended 30 June 2013 was RMB1,034,725,000, representing an increase of 16.8% as compared to the corresponding period in last year. Operating profit for the respective period was RMB19,207,000, representing a decrease of 47.2%. The specialized vehicles division was able to keep the momentum of growth through the successful launches of new models to the market. However, increasing costs of research and development and expenses incurred for the launches of new products limited the profitability performance of this division.

During this period, the Group sold approximately 24,000 specialized vehicles, representing an increase of 22% as compared to the corresponding period in last year. Its main products comprised various types of mini-school buses, mini-buses, multi-purpose mini-vans, redecorated vans and mini-container wagons, etc. The specialized vehicles division also continued to actively promote new models to expand its product range and business volume. Amongst them, the most remarkable are the sight-seeing cars and mini-school buses, which have both successfully achieved respective prominent market share in their particular market segment at present.

Operating margin reduced to 1.9% for the period. High portion of low margin products, market competition and increasing production costs continued to be the primary concerns for the division to tackle. Meanwhile, increasing costs of research and development and warranty incurred for the launches of new products also limited the profitability performance of this division. To enhance the profitability of this division, strategically, the Group has planned to reduce the production of the lower margin redecorated vans and mini-container wagons products so as to reserve more capacity to other more profitable models, such as the mini-school buses and sight-seeing cars as abovementioned. The Group expects the business development costs incurred for these new models will benefit the profitability performance.

Meanwhile, the specialized vehicles division is also undertaking certain integration programmes similar to the automotive components and accessories division aiming at a better control over the production and marketing which helps to promote cost effectiveness and production efficiency. To facilitate this integration program, our principal subsidiary, Wuling Industrial, acquired an additional 2% equity interest in Liuzhou Wuling Specialized Vehicle Manufacturing Company Limited from Liuzhou Wuling in January 2013 at a consideration of RMB1,792,000 from which Liuzhou Wuling Specialized Vehicles Manufacturing Company Limited became a wholly-owned subsidiary of Wuling Industrial. Together with the undertaking of the essential research and development projects as well as the marketing programmes for new product, with specific focus on the new energy vehicles, the Group believes the division is better positioned in entering into the breakthrough stage for improving the profitability of the division.

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

Trading and Supply Services

Turnover (based on external sales) of the trading and supply services division for the six months ended 30 June 2013 was RMB326,532,000, representing a decrease of 28.7% as compared to the corresponding period in last year. Operating profit for the respective period was RMB9,697,000, representing a decrease of 52.3%, which was primarily due to a substantial decrease in the sale of scrap materials collected from SGMW during the period.

Revenue from the trading and supply services was mainly generated from SGMW and its suppliers, which relied on Wuling Industrial to provide the necessary factors of production such as the raw materials, water and energy supply through a centralized procurement platform. This centralized procurement model guaranteed benefits from bulk purchases and scale operations to the participated entities and ensured their competitiveness in the industry.

Overall, the Group is confidence in the business prospect of SGMW as supported by its successful models in the market. Besides, the launch of new models will continue to benefit the trading and supply services division in the second half of 2013 which will contribute to the business performance of the division for the full year.

During the period, the Group had also expanded its trading businesses to wood materials. However, the volume remained insignificant.

FINANCIAL REVIEW

Statement of Comprehensive Income

Group's turnover for the six months ended 30 June 2013 was RMB6,489,908,000, representing an increase of 8.2% as compared to the corresponding period in last year, which was mainly attributable to the continuous growth of business volume for our key customer and the specialized vehicles division and was in line with the overall moderate growth of the automobile industry in China during the period.

Gross profit for the period under review was RMB648,005,000, representing an increase of 9.2%. Increases in revenue and the gradual improvement in the scale operations of the automotive components and specialized vehicles divisions benefited the margin performance of the Group, in spite of the adverse impact from a steadily lower selling price of the Group's products and the continuous operating losses incurred by the foundry facilities of the engines division during the period.

Gross margin of the Group maintained at 10.0% during the period as compared to 9.9% recorded in the corresponding period in last year. Notwithstanding, the relatively low gross margin condition continued to reflect the keen competition environment in the automobile industry in China.

Benefited from the reversal of a withholding tax as explained below and a reduction in the finance cost, net profit of the Group for the first half of 2013 was RMB74,955,000, representing an increase of 21.0% as compared to the corresponding period in last year. However, increases in the general and administrative expenses, primarily attributable to the increases in staff and administrative costs incurred for the operation of the new facilities and the additional research and development expenses incurred for various new projects during the period impeded a more remarkable performance in profitability. Profits attributable to the owners of the Company was RMB42,905,000, representing an increase of 38.4%. The increase was primarily attributable to the reversal of a withholding tax amounting to RMB14,836,000 which was previously provided by the Company. The reversal was made pursuant to a notice issued by the relevant tax authority in July 2013 which confirmed that the profits generated from our principal subsidiary, Wuling Industrial, entitled by the Group was allowed to be taxed according to a lower withholding tax rate with effect from October 2009.

Other income comprised primarily sales of scrap materials and bank interest income was in aggregate RMB21,496,000 for the six months ended 30 June 2013, representing a decrease of 49.7% as compared to the corresponding period in last year primarily as a result of a substantial decrease in the sales of scrap materials collected from SGMW during the period.

Selling and distribution costs of the Group comprised primarily transportation costs, warranty expenses and other marketing expenses were in aggregate RMB154,460,000 for the six months ended 30 June 2013, maintained at similar level as compared to the corresponding period in last year.

General and administrative expenses of the Group comprised primarily salary and allowances, various insurance expenses, rental expenses and other administrative expenses were in aggregate RMB383,089,000 for the six months ended 30 June 2013, representing an increase of 12.3% as compared to the corresponding period in last year. The increase in staff and administrative costs incurred for the operation of the new facilities and the additional research and development expenses incurred for various new projects during the period.

Research and development expenses for the six months ended 30 June 2013 amounted to RMB87,440,000, representing a significant increase of 47.8% as compared to the corresponding period in last year. Such increase was primarily due to launches and development projects of new products undertaken by the Group. The Group will continue to prudently carry out research and development projects in accordance with the strategic plan in furthering its future business opportunities.

Finance costs for the six months ended 30 June 2013 amounted to RMB47,834,000, representing a decrease of 22.7% as compared to the corresponding period in last year. The balances had included the finance cost of RMB4,394,000 incurred for the convertible loan notes issued by the Company and the other interest expenses payable to Wuling Motors (Hong Kong) Holdings Limited, ("Wuling HK") and Liuzhou Wuling amounting to RMB16,066,000 in total. To reduce bank borrowings and to contain finance costs of the Group, Wuling HK and Liuzhou Wuling had provided various sources of finance to the Group through borrowings and/or bills discounting activities at terms favourable than the market during the period. These financing arrangements resulted in lower interest rates and reduced bank loan balances of the Group had helped to ease the finance costs during the period.

Basic earnings per share for the six months ended 30 June 2013 was RMB3.66 cents, representing an increase of 38.1% as compared to corresponding period in last year, whereas, earnings per share on fully diluted basis was RMB3.14 cents, representing an increase of 77.4%, in which the effect arising from the fair value adjustment on the convertible loan notes issued by the Company was excluded in the calculation.

Financial Position

As at 30 June 2013, total assets and total liabilities of the Group stood at RMB10,513,229,000 and RMB9,179,056,000 respectively.

Non-current assets amounted to RMB1,894,154,000 comprised mainly property, plant and equipment, prepaid lease payments, deposits paid for acquisition of non-current assets and goodwill on acquisition of subsidiaries, etc.

Current assets amounted to RMB8,619,075,000 comprised mainly inventories of RMB689,263,000, trade and other receivables of RMB7,109,591,000, cash and cash equivalents (inclusive of pledged bank deposits) of RMB814,851,000. Amount due from SGMW, a related company and a key customer in the engines and automotive components businesses of the Group amounted to RMB3,685,936,000 was recorded as trade and other receivables in the statement of financial position. These receivables balances were subject to normal commercial settlement terms. Total cash and bank balances amounted to RMB814,851,000, in which RMB650,076,000 were pledged bank deposits to secure the banking facilities offered to the Group. Overall, the Group had cash (including pledged bank deposits) net of bank borrowings (inclusive of advances drawn on bills receivable discounted with recourse) amounting to RMB169,419,000 as at 30 June 2013.

Current liabilities amounted to RMB8,586,790,000, comprised mainly trade and other payables of RMB7,539,657,000, amounts due to shareholders of RMB140,343,000, provision for warranty of RMB150,332,000, tax payable of RMB31,006,000, bank borrowings — due within one year (inclusive of advances drawn on bills receivables discounted with recourse) of RMB644,463,000 and the liability component of the convertible loan notes due to Wuling HK, our controlling shareholder, of RMB79,527,000 and its derivative financial instrument of RMB1,462,000. Amount due to shareholders recorded under current liabilities refers to the account payable to Liuzhou Wuling, the ultimate controlling shareholder of the Company and the joint venture partner of Wuling Industrial. The derivative financial instrument represented the fair value of the conversion option embedded in the convertible loan notes valued by an independent valuer as at 30 June 2013.

Net current assets decreased to RMB32,285,000 as at 30 June 2013 from RMB126,859,000 as at 31 December 2012.

Non-current liabilities amounted to RMB592,266,000 comprised mainly bank borrowings of RMB969,000, amounts due to Liuzhou Wuling and Wuling HK of RMB494,837,000 and RMB79,580,000 respectively and deferred tax liability of RMB16,880,000.

Liquidity and Capital Structure

The Group was operating under a net cash inflow position for the six months ended 30 June 2013, in which net cash from operating activities amounted to RMB83,240,000.

As at 30 June 2013, total cash and bank balances maintained by the Group amounted to RMB814,851,000, in which RMB650,076,000 were pledged bank deposits to secure the banking facilities offered to the Group.

The Group's bank borrowings (inclusive of advances drawn on bills receivable discounted with recourse) decreased from RMB954,382,000 as at 31 December 2012 to RMB645,432,000 as at 30 June 2013.

Overall, the Group had cash (including pledged bank deposits) net of bank borrowings amounting to RMB169,419,000 as at 30 June 2013.

To reduce bank borrowings and to contain finance costs of the Group, Wuling HK and Liuzhou Wuling had provided various sources of finance to the Group through borrowings and/or bills discounting activities at terms favourable than the market during the period. These financing arrangements resulted in lower interest rates and reduced bank loan balances of the Group had helped to ease the finance costs during the period.

Besides, the Company also maintained a five-year convertible loan notes with principal amount of HK$100,000,000 and maturity date on 12 January 2014 owed to Wuling HK, the controlling shareholder of the Company.

At 30 June 2013, the Group had a gearing ratio of 48.4% calculated based on the Group's total bank borrowings (inclusive of advances drawn on bills receivables discounted with recourse) and the Group's net assets, which was decreased as compared to the gearing ratio as recorded at 31 December 2012.

Issued capital increased from RMB4,524,000 as at 31 December 2012 to RMB4,526,000 as at 30 June 2013. The increase was due to the exercise of share options held by certain employees during the period.

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

Total shareholders' equity comprised primarily the PRC general reserve, contributed surplus, capital reserve, other reserves and retained profits, amounted to RMB576,270,000 as at 30 June 2013. Net asset value per share was RMB49.2 cents as at 30 June 2013.

Pledge of Assets

At 30 June 2013, a property held by the Group in Hong Kong with an aggregate value of RMB3,740,000 was pledged to secure the bank loans granted to Group. Besides, bank deposits amounting to RMB650,076,000 were pledged to the banks mainly to secure certain banking facilities offered to the Group.

Exposure to Fluctuation in Exchange Rates

At 30 June 2013, the Group maintained foreign currency and Hong Kong dollar bank loans of an aggregate amount of RMB45,130,000, Hong Kong dollar shareholder loan of an aggregate amount of RMB83,225,000, Hong Kong dollar bank deposits of an aggregate amount of RMB5,559,000, foreign currency and Hong Kong dollar trade receivables of RMB3,829,000, foreign currency and Hong Kong dollar trade payable of RMB625,000 and Hong Kong dollar convertible loan notes with principal value amounting to RMB79,527,000. In comparison with the relative size of the Group's assets, liabilities and main transactions which are denominated in RMB, the Group regarded its exposure to fluctuations in exchange rates and currencies to be minimal.

Commitments

At 30 June 2013, the Group has outstanding commitments, contracted but not provided for in the financial statements, in respect of the acquisitions of construction in progress and property, plant and equipment amounting to RMB309,946,000.

Contingent Liabilities

At 30 June 2013, the Group does not have any contingent liabilities.

INTERIM DIVIDEND

The Board did not recommend the declaration of an interim dividend for the six months ended 30 June 2013 (Period ended 30 June 2012: Nil).

PURCHASE, REDEMPTION AND SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the period ended 30 June 2013 (Period ended 30 June 2012: Nil).

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of good corporate governance to the Company's healthy growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the Company's needs. The Company has applied the code provisions set out in the Corporate Governance Code and Corporate Governance Report, as amended from time to time, contained in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules").

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Own Code") on terms no less exacting than the Model Code for Securities Transaction by Directors of Listed Issuers, as amended from time to time, (the "Model Code") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Own Code and the Model Code throughout the period ended 30 June 2013.

AUDIT COMMITTEE

The Audit Committee, comprising the three independent non-executive directors, namely Mr. Ye Xiang (the Chairman), Mr. Yu Xiumin and Mr. Zuo Duofu, is established in accordance with the requirements of the CG Code, for the purpose of reviewing and providing, inter alia, supervision over the Group's financial reporting process and internal controls. The terms of reference of the Audit Committee are disclosed on the website of the Company.

At the request of the Audit Committee, the Company's auditors, Deloitte Touche Tohmatsu, had carried out a review of the unaudited interim financial information for the six months ended 30 June 2013 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The independent interim financial information for the six months ended 30 June 2013 has also been reviewed by the Audit Committee.

HUMAN RESOURCES AND REMUNERATION POLICY

At 30 June 2013, the Group had approximately 11,300 employees, including 7,000 staff members and 4,300 workers. Total staff costs for the six months ended 30 June 2013 were approximately RMB302,503,000. The remuneration policy was reviewed in line with the current applicable legislation, market conditions as well as the performance of the Company and the individual.

Besides, the Remuneration Committee of the Company, comprising the three independent non-executive directors, namely Mr. Zuo Duofu (the Chairman), Mr. Yu Xiumin and Mr. Ye Xiang, established under the Board, will also make recommendations on and give approval to the remuneration policy, structure and remuneration packages of the executive directors and the senior management. The terms of reference of the Remuneration Committee of the Company are disclosed on the website of the Company.

The Group regards human resources as an essential element for the growth of a corporation and therefore pays serious attention to its human resources management. The Group maintains a set of established and comprehensive management policy aiming at promoting common corporate goals among employees. The policy which covers the remuneration structure, training and staff development encourages healthy competitive environment which will bring mutual benefits to both the Group and the employees.

INTERIM REPORT

The interim report for the six months ended 30 June 2013 containing all information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders of the Company and published on the website of Hong Kong Exchange and Clearing Limited at www.hkexnews.hk and the Company at www.wuling.com.hk respectively in due course.

BOARD OF DIRECTORS

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

On behalf of the Board
Sun Shaoli
Chairman

Hong Kong, 26 August 2013