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 2016

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2016	2015	Change
	RMB'000	*RMB'000*	*(%)*
Revenue	**8,502,171**	6,716,275	+26.6
Gross profit	**866,002**	728,469	+18.9
Profit for the period	**134,670**	70,920	+89.9
Profit attributable to the owners of the Company	**66,217**	28,601	+131.5

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 2016.

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 2016

		Six months ended 30 June	
		2016	2015
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**8,502,171**	6,716,275
Cost of sales		**(7,636,169)**	(5,987,806)
Gross profit		**866,002**	728,469
Other income		**41,340**	31,283
Other gains and losses	*4*	**4,859**	(1,286)
Selling and distribution costs		**(167,358)**	(156,420)
General and administrative expenses		**(522,206)**	(470,507)
Share of results of joint ventures		**(3,741)**	(3,463)
Finance costs		**(48,916)**	(34,963)
Profit before taxation		**169,980**	93,113
Income tax expense	*5*	**(35,310)**	(22,193)
Profit for the period	*6*	**134,670**	70,920
Other comprehensive (expense) income:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences arising from translation of foreign operations		**(44)**	2,636
Total comprehensive income for the period		**134,626**	73,556
Profit for the period attributable to:			
Owners of the Company		**66,217**	28,601
Non-controlling interests		**68,453**	42,319
		134,670	70,920
Total comprehensive income for the period attributable to:			
Owners of the Company		**66,173**	31,237
Non-controlling interests		**66,453**	42,319
		134,626	73,556
Earnings per share	*8*		
— Basic		**RMB3.61 cents**	RMB1.84 cents
— Diluted		**RMB3.57 cents**	RMB1.81 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	NOTES	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**2,292,753**	2,154,838
Prepaid lease payments		**247,928**	250,961
Premium on prepaid lease payments		**860**	873
Investment properties	9	**8,546**	8,610
Intangible assets		**628**	628
Interests in joint ventures		**76,600**	80,341
Deposits paid for acquisition of property, plant and equipment		**355,799**	433,437
Available-for-sale investment		**22,000**	22,000
		3,005,114	2,951,688
CURRENT ASSETS			
Inventories		**1,329,645**	1,778,552
Trade and other receivables	10	**7,241,771**	5,007,701
Prepaid lease payments		**6,088**	6,088
Pledged bank deposits		**1,472,586**	718,130
Bank balances and cash		**1,182,173**	1,175,393
		11,232,263	8,685,864
CURRENT LIABILITIES			
Trade and other payables	11	**8,430,431**	8,397,991
Amount due to a shareholder	13	**24,846**	28,608
Provision for warranty	14	**194,137**	151,353
Tax payable		**81,445**	58,644
Bank borrowings	12	**55,496**	2,895
Advances drawn on bills receivable discounted with recourse	15	**3,222,028**	881,876
		12,008,383	9,521,367
NET CURRENT LIABILITIES		**(776,120)**	(835,503)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,228,994**	2,116,185

	NOTES	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Amount due to a shareholder	*13*	**178,697**	191,314
Deferred income		**17,539**	18,272
Deferred tax liabilities		**20,183**	16,939
		216,419	226,525
		2,012,575	1,889,660
CAPITAL AND RESERVES			
Share capital	*16*	**6,648**	6,600
Reserves		**1,094,945**	1,034,913
Equity attributable to owners of the Company		**1,101,593**	1,041,513
Non-controlling interests		**910,982**	848,147
		2,012,575	1,889,660

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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 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.

In preparing the interim financial information, the directors of the Company have given careful consideration to the future liquidity and going concern of the Group in light of the Group's current liabilities exceed its current assets by approximately RMB776 million at as 30 June 2016 (31 December 2015: RMB836 million). The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration the available borrowing facilities of approximately RMB54 million (31 December 2015: RMB104 million), estimated future cash flows of the Group and assets available to pledge for obtaining further banking facilities.

In addition, 廣西汽車集團有限公司 (Guangxi Automobile Holdings Limited) ("Guangxi Automobile"), the ultimate holding company, has agreed to provide adequate funds to enable the Group to meet in full its financial obligations as and when they fall due in the foreseeable future.

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

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.

The accounting policies and methods of computation used in the condensed consolidated interim financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the annual financial statements of the Group for the year ended 31 December 2015.

In the current interim period, the Group has applied the following new amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA for the first time in current year.

HKFRS 14	Regulatory Deferral Accounts
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

The directors of the Company anticipate that the application of these new and revised HKFRSs did not have any material impact on the Group's condensed consolidated interim financial information.

3. SEGMENT INFORMATION

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

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

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

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	**Automotive components and other industrial services**	**Specialized vehicles**	**Others**	**Elimination**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2016						
REVENUE						
External sales	**2,437,442**	**4,871,678**	**1,193,051**	**–**	**–**	**8,502,171**
Inter-segment sales	**45,648**	**7,726**	**394**	**–**	**(53,768)**	**–**
Total	**2,483,090**	**4,879,404**	**1,193,445**	**–**	**(53,768)**	**8,502,171**
Segment profit (loss)	**75,760**	**143,509**	**15,734**	**(6,611)**		**228,392**
Bank interest income						**19,243**
Central administration costs						**(24,998)**
Share of results of joint ventures						**(3,741)**
Finance costs						**(48,916)**
Profit before taxation						**169,980**
Six months ended 30 June 2015						
REVENUE						
External sales	1,500,443	4,214,940	1,000,831	61	–	6,716,275
Inter-segment sales	26,540	5,001	–	–	(31,541)	–
Total	1,526,983	4,219,941	1,000,831	61	(31,541)	6,716,275
Segment profit (loss)	45,086	103,844	11,162	(9,346)		150,746
Bank interest income						10,365
Central administration costs						(28,690)
Share-based payment expenses						(882)
Share of results of joint ventures						(3,463)
Finance costs						(34,963)
Profit before taxation						93,113

4. OTHER GAINS AND LOSSES

	For the six months ended 30 June 2016 RMB'000	2015 RMB'000
Gain (loss) on disposal of property, plant and equipment	**5,133**	(1,314)
Loss on revaluation of investment properties	**(252)**	–
Net exchange (loss) gain	**(22)**	28
Other gains and losses	**4,859**	(1,286)

5. INCOME TAX EXPENSE

	For the six months ended 30 June 2016 RMB'000	2015 RMB'000
Tax charge represents:		
PRC Enterprise Income Tax ("EIT")		
Current period	**31,774**	20,095
Withholding tax on dividend distribution	**292**	–
Deferred tax		
Current period	**3,244**	2,098
	35,310	22,193

The PRC

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

(i) 柳州五菱汽車工業有限公司 (Liuzhou Wuling Motors Industrial Company Limited) ("Wuling Industrial") is approved for 3 years as enterprise that satisfied as High-New Technology Enterprise and entitles the preferential tax rate of 15% in 2015 and 2016.

(ii) Pursuant to the tax notice, Caishui [2011] No. 58 issued in 2011, companies located in specified provinces of Western China and engaged in a specific state-encouraged industries as defined under the "Catalogue of Encouraged Industries in the Western Region" (the "Catalogue"), were subject to a preferential tax rate of 15% during the period from 2011 to 2020 when the annual revenue from the encouraged business exceeded 70% of its total revenue in a fiscal year. In 2012, confirmation notice from the relevant authority on the 15% EIT rate had been obtained by the enterprises including 柳州五菱柳機動力有限公司 (Liuzhou Wuling Liuji Motors Company Limited) ("Liuji Motors"). As a result, Liuji Motors is entitled the preferential tax rate of 15% in 2015. During the period ended 30 June 2016, Liuji Motors is approved as an enterprise that satisfy as a High-New Technology Enterprise and entitles the preferential tax rate of 15%.

The EIT Law also requires withholding tax of 5% or 10% upon distribution of profits by the PRC subsidiaries since 1 January 2008 to its overseas (including Hong Kong) shareholders. In 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, the Group had accrued withholding tax at 5%.

During the period, deferred tax of RMB3,681,000 (2014: RMB2,054,000) has been provided in respect of the undistributed earnings of the Group's PRC subsidiaries and charge to profit or loss accordingly.

Hong Kong

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

No provision for taxation has been made as the Group has no assessable profits in Hong Kong, for both periods.

6. PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Profit for the period has been arrived at after charging (crediting) the following items:		
Directors' emoluments	**1,592**	1,930
Other staff costs	**301,114**	281,837
Equity-settled share based payments	**–**	882
Retirement benefit scheme contributions, excluding directors	**59,117**	57,784
Total staff costs	**361,823**	342,433
Property rental income	**(66)**	(198)
Cost of inventories recognized as an expense	**7,636,169**	5,987,806
Depreciation of property, plant and equipment	**107,602**	83,242
Impairment loss on trade receivables	**7,623**	6,650
Reversal of impairment loss on trade receivables	**(4,254)**	–
Release of prepaid lease payments (included in general and administrative expenses)	**3,033**	4,798
Release of premium on prepaid lease payments (included in general and administrative expenses)	**13**	12
Research and development expenses (included in general and administrative expenses)	**189,115**	163,462
Bank interest income	**(19,243)**	(10,365)

7. DIVIDEND

During the current interim period, a final dividend of HK0.75 cent per share in respect of the year ended 31 December 2015 (2015: HK0.5 cent per share in respect of the year ended 31 December 2014) 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 HK$13,769,000 (or equivalent to RMB11,790,000) (2015: HK$7,590,000 or equivalent to RMB5,957,000).

The directors of the Company have determined that no dividend will be paid in respect of the current interim period (2015: Nil).

8. 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	
	2016	2015
	RMB'000	*RMB'000*
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**66,217**	28,601

	For the six months ended 30 June	
	2016	2015
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,832,659**	1,553,713
Effect of dilutive potential ordinary shares:		
Share options	**20,411**	27,303
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,853,070**	1,581,016

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the six months ended 30 June 2015 have been adjusted for the bonus element of the Open Offer (as defined in note 16) on 30 July 2015.

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

Investment Properties

The Group's investment properties on 30 June 2016 were fair valued by Vigers Appraisal and Consulting Limited ("Vigers"), a firm of qualified professional valuers not connected with the Group.

The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the similar locations and conditions.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

One of the key inputs used in valuing the investment properties was the price per square feet, which ranged from RMB4,328 to RMB5,153 and RMB1,600 to RMB2,057. A slight increase in the price per square feet used would result in a significant increase in fair value measurement of the respective investment property and vice versa.

The fair value hierarchy of the Group's investment properties as at 30 June 2016 and 31 December 2015 are categorized as level 3.

There were no transfers into or out of Level 3 during the period.

For the current interim period, the Group recognized a fair value loss of RMB252,000 attributable to its investment properties in profit or loss (2015: Nil).

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

Property, plant and equipment

During the current interim period, additions to the Group's property, plant and equipment amounted to RMB275,397,000 (2015: RMB305,062,000). In addition, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of RMB29,383,000 (2015: RMB49,636,000) for a cash proceeds of RMB34,516,000 (2015: RMB48,322,000), resulting in a gain on disposal of RMB5,133,000 (2015: loss on disposal of RMB1,314,000).

10. TRADE AND OTHER RECEIVABLES

	notes	**At 30 June 2016** *RMB'000*	At 31 December 2015 *RMB'000*
Trade and bills receivables			
— SAIC-GM-Wuling Automobile Co., Limited ("SGMW")	*(i)*	**2,604,267**	2,666,890
— Guangxi Automobile Group	*(ii)*	**79,041**	85,062
— 廣西威翔機械有限公司 Guangxi Weixiang Machinery Company Limited ("Guangxi Weixiang")	*(iii)*	**5,013**	3,915
— third parties		**1,045,403**	1,113,625
		3,733,724	3,869,492
Less: Allowance for doubtful debts		**(57,771)**	(55,334)
		3,675,953	3,814,158
Other receivables:			
Prepayments for expenses		**4,084**	3,927
Prepayments for purchase of raw materials	*(iv)*	**226,022**	206,073
Value-added tax recoverable		**–**	8,945
Others		**95,369**	87,383
		325,475	306,328
Bills receivables discounted with recourse	*(v)*	**3,240,343**	887,215
Total trade and other receivables		**7,241,771**	5,007,701

Notes:

(i) Guangxi Automobile has significant influence over SGMW.

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

(iii) Guangxi Weixiang is a joint venture of the Group.

(iv) Included in the balance were amounts of RMB6,867,000 (2015: RMB3,507,000) paid to SGMW.

(v) The amount represents bills receivables discounted to banks with recourse with a maturity period of less than 180 days (2015: less than 180 days). The Group recognizes the full amount of the discount proceeds as liabilities as disclosed in the condensed consolidated statement of financial position and in note 15.

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

An aged analysis of trade and bills receivables (net of allowance for doubtful debts) based on the invoice date or bills issue date are presented as follows:

	At 30 June 2016 *RMB'000*	At 31 December 2015 *RMB'000*
0 to 90 days	**2,575,171**	3,080,580
91 to 180 days	**1,007,256**	645,850
181 to 365 days	**47,530**	78,748
Over 365 days	**45,996**	8,980
	3,675,953	3,814,158

11. TRADE AND OTHER PAYABLES

	notes	**At 30 June 2016** *RMB'000*	At 31 December 2015 *RMB'000*
Trade and bills payables:			
— SGMW		**888,253**	528,693
— Guangxi Automobile Group		**129,745**	114,247
— 青島點石汽車配件有限公司Qingdao Dianshi Motors Accessories Company Limited ("Qingdao Dianshi")	*(i)*	**17,764**	12,358
— Guangxi Weixiang		**720**	–
— third parties		**6,268,360**	6,648,712
		7,304,842	7,304,010
Other payables and accruals	*(ii)*	**1,125,589**	1,093,981
Total trade and other payables		**8,430,431**	8,397,991

Notes:

(i) Qingdao Dianshi is a joint venture of the Group.

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

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

	At 30 June 2016 *RMB'000*	At 31 December 2015 *RMB'000*
0 to 90 days	**5,064,047**	5,325,527
91 to 180 days	**2,131,782**	1,888,502
181 to 365 days	**54,463**	37,770
Over 365 days	**54,550**	52,211
	7,304,842	7,304,010

12. BANK BORROWINGS

	At 30 June 2016 *RMB'000*	At 31 December 2015 *RMB'000*
Secured — Amount due on demand or within one year	**55,496**	2,895

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 3.5% to 5.25% (2015: 2.39% to 3.5%) per annum and are repayable in installments over a period of 1 to 8 years (2015: 1 to 8 years).

13. AMOUNT DUE TO A SHAREHOLDER

	At 30 June 2016 *RMB'000*	At 31 December 2015 *RMB'000*
Carrying amount repayable:		
On demand or within one year	**24,846**	28,608
More than one year, but not exceeding two years	**178,697**	191,314
	203,543	219,922
Less: Amount due within one year shown under current liabilities	**(24,846)**	(28,608)
Amount shown under non-current liabilities	**178,697**	191,314

The entire balance is due to Guangxi Automobile. It is unsecured and interest-free.

14. PROVISION FOR WARRANTY

	RMB'000
At 1 January 2015	164,179
Additional provision in the year	20,333
Utilization of provision	(33,159)
At 31 December 2015	151,353
Additional provision for the period	59,467
Utilization of provision	(16,683)
At 30 June 2016	194,137

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

15. ADVANCES DRAWN ON BILLS RECEIVABLE DISCOUNTED WITH FULL RECOURSE

The amount represents the Group's other borrowings secured by the bills receivables discounted to banks with recourse (see note 10(v)).

The following were the Group's financial assets as at 30 June 2016 and 31 December 2015 that were transferred to banks by discounting those receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognize the full carrying amount of the receivables and has recognized the cash received on the transfer as disclosed in the condensed consolidated statement of financial position. These financial assets are carried at amortized cost in the Group's condensed consolidated statement of financial position.

Bills receivables discounted to banks with full recourse:

	At 30 June 2016 ***RMB'000***	At 31 December 2015 *RMB'000*
Carrying amount of transferred assets *(note 10(v))*	**3,240,343**	887,215
Carrying amount of associated liabilities	**(3,222,028)**	(881,876)
Net position	**18,315**	5,339

16. 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 2015, 31 December 2015 and 30 June 2016		101,521
Ordinary shares issued and fully paid:		
As at 1 January 2015	1,517,992,976	6,072
Issue of shares upon Open Offer *(note 1)*	303,598,595	1,214
As at 31 December 2015	1,821,591,571	7,286
Exercises of share options *(note 2)*	14,230,270	57
As at 30 June 2016	1,835,821,841	7,343

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
Shown in the condensed consolidated financial statements as at	**6,648**	6,600

note 1: On 30 July 2015, the Company completed an open offer of 303,598,595 offer shares of HK$0.004 each at a subscription price of HK$0.70 per offer share on the basis of one offer share for every five existing shares of the Company ("Open Offer"). An aggregate proceeds of HK$212,519,000 (equivalent to RMB170,247,000), of which HK$1,214,000 (equivalent to RMB973,000) was credited to share capital and the remaining balance of HK$211,305,000 (equivalent to RMB169,274,000) was credited to share premium.

note 2: During the period ended 30 June 2016, 14,230,270 ordinary shares of the Company of HK$0.004 each were issued upon exercises of 14,230,270 share options with proceeds of HK$6,774,000 (equivalent to RMB5,697,000).

17. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the shareholders of the Company on 28 May 2012, a share option scheme with an expiry date on 27 May 2022 was adopted by the Company ("Share Option Scheme").

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

For the period ended 30 June 2016

	Number of share options			
	Directors	**Former Directors** *(note ii)*	**Employees** *(Continuous Contracts)*	**Total**
Outstanding at 1 January 2016 *(note i)*	15,454,500	3,090,900	89,883,372	108,428,772
Exercised during the period *(note iii)*	(6,181,800)	(2,060,600)	(5,987,870)	(14,230,270)
Lapsed during the period	(9,272,700)	(1,030,300)	(83,895,502)	(94,198,502)
Outstanding at 30 June 2016	–	–	–	–

For the period ended 30 June 2015

	Number of share options			
	Directors	Former Director *(note ii)*	Employees *(Continuous Contracts)*	Total
Outstanding at 1 January 2015	18,000,000	–	78,690,000	96,690,000
Reclassification	(1,000,000)	1,000,000	–	–
Granted during the period	–	–	13,400,000	13,400,000
Forfeited during the period	–	–	(4,100,000)	(4,100,000)
Outstanding at 30 June 2015	17,000,000	1,000,000	87,990,000	105,990,000

Notes:

(i) The number of shares options held by the directors and the employees of the Group have been adjusted upon completion of the Open Offer, details of which may refer to the announcement of the Company dated 29 July 2015.

(ii) The 1,000,000 share options for the period ended 30 June 2015 were held by Mr. Yu Xiumin who resigned as director on 20 March 2015. Mr. Zhou Sheji also resigned as director on 17 July 2015. Accordingly, the number of share options held for the period ended 30 June 2016 under this category represents share options held by Mr. Yu Xiumin and Mr. Zhou Sheji.

(iii) In respect of the share options exercised during the period ended 30 June 2016, the weighted average share price at the date of exercise is HK$0.476.

18. CAPITAL AND OTHER COMMITMENTS

	At 30 June 2016 *RMB'000*	At 31 December 2015 *RMB'000*
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of:		
— construction in progress	**264,924**	186,499
— property, plant and equipment	**428,250**	452,046
	693,174	638,545

19. OPERATING LEASES

The Group as lessee

Minimum lease payments made under operating leases during the period was RMB22,757,000 (2015: RMB22,983,000).

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 2016 *RMB'000*	At 31 December 2015 *RMB'000*
Within one year	**38,070**	37,749
In the second to fifth year inclusive	**54,991**	73,365
	93,061	111,114

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

20. ACQUISITION OF ADDITIONAL INTERESTS IN A SUBSIDIARY

On 30 April 2015, Wuling Industrial, a non-wholly owned subsidiary of the Company acquired the remaining 49% equity interest in Liuzhou Chang-peng Automobile Parts Co. Limited ("Liuzhou Chang-peng") from Chongqing Chang-peng Industrial (Group) Co. Limited, an independent third party, at a consideration of RMB3,840,000. After the acquisition, Liuzhou Chang-peng is wholly owned by Wuling Industrial.

21. RELATED PARTY DISCLOSURES

(i) Related party transactions

Company	Relationship	Transactions	For the six months ended 30 June 2016 RMB'000	2015 RMB'000
SGMW	Related party *(note 10(i))*	Sales by the Group	**6,680,830**	5,571,201
		Purchase of materials by the Group	**2,901,570**	999,328
		Warranty costs incurred by the Group	**693**	1,507
Guangxi Automobile Group	Guangxi Automobile being ultimate holding company of the Company, and its affiliates *(note 10(ii))*	Sales of raw materials and automotive components by the Group	**121,750**	115,347
		Purchase of:		
		Automotive components and other accessories by the Group	**38,109**	47,164
		Mini passenger buses by the Group	**182,377**	125,807
		Electronic devices and components by the Group	**1,433**	5,086
		Air-conditioning parts and accessories by the Group	**1,583**	2,256
			223,502	180,313
		License fee paid by the Group	**433**	–
		Rental expenses paid by the Group	**16,326**	12,177
		Interest expenses paid by the Group on		
		— Amount due to a shareholder	**–**	16
		— Advances drawn on bills receivables	**17,259**	10,312

Company	Relationship	Transactions	For the six months ended 30 June **2016** *RMB'000*	2015 *RMB'000*
Qingdao Dianshi	Joint venture	Sales of raw materials and automotive components by the Group	**9,670**	–
		Purchase of automotive components and other accessories by the Group	**70,792**	50,213
Guangxi Weixiang	Joint venture	Sales of raw materials and automotive components by the Group	**6,142**	24,384
		Purchase of automotive components and other accessories by the Group	**896**	–
Jenpoint Limited	An entity controlled by Mr. Lee Shing, an executive director of the Company	Interest expense paid by the Group	**–**	160

(ii) Related party balances

Details of the Group's outstanding balances with related parties are set out in notes 10 and 11.

(iii) Guarantees provided

The Group's bills payables at 30 June 2016 were supported by corporate guarantee to the extent of RMB2,390,000,000 (31 December 2015: RMB3,000,000,000) given by Guangxi Automobile.

(iv) Compensation of key management personnel

The remuneration of the Group's key management in respect of the period are as follows:

	For the six months ended 30 June **2016** *RMB'000*	2015 *RMB'000*
Short-term benefits	**1,475**	1,807
Post-employment benefits	**117**	123
	1,592	1,930

(v) Provision of facility

Guangxi Automobile agreed to provide a facility to the Group, whereby the Group could discount, without recourse, its bill receivables to Guangxi Automobile to the extent of RMB2,390,000,000 (2015: RMB3,000,000,000). The discounting rate was the lower of 90% of market discounting rate or a fixed rate of 3.5%. During the current interim period, the Group discounted bills receivables of RMB1,747,000,000 (as at 31 December 2015: RMB1,860,000,000) to Guangxi Automobile with a maturity period less than 180 days and at an average discount rate of 3.5%.

(vi) Commitments

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

	At 30 June 2016	At 31 December 2015
	RMB'000	*RMB'000*
Within one year	**37,824**	36,655
In the second to fifth year inclusive	**54,983**	73,311
	92,807	109,966

MESSAGES FROM THE BOARD OF DIRECTORS

Results and Performances

We are pleased to present the unaudited results of Wuling Motors Holdings Limited (the "Company" and together with its subsidiaries the "Group" or "Wuling Motors") for the six months ended 30 June 2016.

The first half of 2016 was full of opportunities and challenges for automobile industry in China. As China's economy entered a stage of stable development, the automobile industry experienced stages of moderate growth. Adhering to its operating policies of "Pursuing Growth Amid Stability, Optimizing Business Structure, Promoting Sustainable Development", Wuling Motors managed to enhance quality and efficiency, continued to adjust its enterprise structure and promoted business transformation, successfully identifying new goals for strategic development without compromising the long-standing scale of operation and healthy growth. During the first six months of 2016, the Group recorded a turnover of RMB8,502,171,000, representing an increase of 26.6% as compared to the corresponding period in last year.

Gross profit for the period under review was RMB866,002,000, representing an increase of 18.9%. Impressive growth of businesses in the passenger vehicles segment from the new products of the engines and parts and automotive components and other industrial services divisions benefited the business performance of the Group for the period, despite the keen competition business environment. Net profit of the Group for the first half of 2016 was RMB134,670,000, representing a significant increase of approximately 89.9% as compared to the corresponding period in last year. Profits attributable to the owners of the Company was RMB66,217,000, representing an impressive increase of 131.5%.

In February 2016, the Company completed the capital injection of an additional sum of RMB160,000,000 in cash to Liuzhou Wuling Motors Industrial Company Limited ("Wuling Industrial"), our non-wholly owned subsidiary, pursuant to a capital increase agreement entered into between the Company and Guangxi Automobile Holdings Limited ("Guangxi Automobile"), our ultimate controlling shareholder on 3 December 2015 ("WI Capital Increase"). Accordingly, the Company's equity interest in Wuling Industrial had been increased from approximately 50.98% to approximately 54.86%. Details of the WI Capital Increase were disclosed in the Company's announcement dated 3 December 2015 and the Company's circular dated 24 December 2015.

Opportunities and Challenges

The economic environment in China continued to undergo certain structural adjustments during the first half of 2016. As China's economy entered the stage of stable development, it was inevitable that enterprises would face intensifying competition and new challenges in their respective industries. Supported by the continuous growth in the local economy and increasing demands from the consumers, the automobile industry in China maintained its momentum of growth for the first half of 2016. Total number of motor vehicles sold in China increased moderately by 8.1% on a year-on-year basis and reached 12.8 million vehicles. Such increase was mainly attributable to the growth in the segment of passenger vehicles, which comprised primarily sedans, MPVs and SUVs, etc. Amongst which, the MPVs and SUVs continued to be the most impressive growth segments, which are also the strategic focus of the Group and our key customer.

During the period, in co-operation with customers and business partners, new products were unremittingly developed and launched in response to the dynamic market environment. We confidently expect some of which would become the next growth drivers of revenue of the Group in the years ahead. In addition, commencement of operations of the new production plants and other ancillary facilities, such as the completed Liuzhou Hexi Industrial Facilities, the extended Qingdao Facilities, the newly established Liudong Facilities and the Chongqing Facilities had also provided fundamental supports for our business development. The establishment of these enhanced facilities would also ensure our competitive strength in terms of scalability and geographical locations for future business development and transformation projects. Meanwhile, the Group has been actively implementing the expansion programme of our first overseas production base located in Indonesia to develop our overseas businesses concurrently our key customer, which is expected to commence operation in the second half of 2017.

In response to the specific business environment and the strategy of our key customer, the Group had also initiated certain strategic changes in our business operations. In particular for our engines and parts and automotive components and other industrial services divisions, our business focus had been gradually shifted from a high reliance on the mini-vehicles segment to a balanced mix of contribution from the mini-vehicles and the passenger vehicles segments. The remarkable segmental performances of the engines and parts and the automotive components and other industrial services divisions since last year, in terms of the growth in revenue and operations, had continuously demonstrated the importance and effectiveness of this business strategy in fostering the business potential of the Group.

While the Group has been actively monitoring the changing business environment when implementing business strategies, we have never underestimated the risks associated with excessive capacities and dynamic market situations. Therefore, apart from implementing appropriate capacity expansion strategies, the Group has 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 undertaken 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 other industrial services 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 Liuzhou, Qingdao and Chongqing, 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 income 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 Guangxi Automobile, our ultimate 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Operation Review — by Key Business Segments

The business performance and evaluation of the Group's three main business segments namely (1) engines and parts; (2) automotive components and other industrial services; and (3) specialized vehicles for the first half of 2016 are detailed below:

Engines and Parts

Turnover (based on external sales) of the engines and parts division for the six months ended 30 June 2016 was RMB2,437,442,000, representing a significant increase of 62.4% as compared to the corresponding period in last year. Operating profit for the respective period was RMB75,760,000, representing an impressive increase of 68.0% as compared to the corresponding period in last year.

Total number of engines sold by the subsidiary, Liuzhou Wuling Liuji Motors Company Limited ("Wuling Liuji"), for the first half of 2016 was approximately 280,000 units, representing an increase of approximately 12% as compared to corresponding period in last year. A shift in the product mix with primary focus towards the higher end models drove the satisfactory business performance since last year continued to benefit the business results of the division.

During the period, sales to SGMW, our core customer, increased substantially to approximately RMB1,980,000,000 and continued to account for the majority portion of the division's revenue. The increase was mainly attributable to the contribution from the mass production of NP18, the Group's first self-propriety engine for commercial passenger vehicles. NP18 was primarily installed in the Baojun 730 and 560 model of SGMW which had a higher selling price as compared to the traditional models produced for commercial mini-vehicles.

Meanwhile, for further expansion and diversification of the Group's engines and parts businesses, Wuling Liuji has been actively pursuing projects for other automobile manufacturers over the years. Sales, primarily engine sets, to other customers amounted to approximately RMB460,000,000 for the first half of 2016, representing approximately 18.9% of the total revenue of this division.

Operating margin slightly improved to 3.1% as compared to the corresponding period in last year. During this period, continuous improvement of the operations of the foundry facilities and the mass production of the abovementioned N18 new model with higher selling price and better profit margin provided an important driving force for the improvement in profitability of the division. However, increase in warranty expenses incurred for the launch of new products limited the growth in net margin.

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

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

Meanwhile, Wuling Liuji is also making significant progress in our owned proprietary V6 cylinder engine products which is undertaken by a joint venture company formed with a technical partner, namely Liuzhou Lingte Motor Technology Company Limited ("Liuzhou Lingte"). Following the successful completion of the research and development of the 3.0L Advanced Model and entering into the planning stage of the production facilities by Liuzhou Lingte, Liuzhou Lingte has recently commenced the construction of the infrastructure and the main assembly line which is expected to be completed and started operational in early 2017. The successful development of the V6 products by Liuzhou Lingte will significantly enhance our products range and capability in the industry.

The Group remains optimistic on the business outlook of the second half of 2016 and believes our product competitiveness in the market and the gradual positive impact from the on-going research and development 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 Other Industrial Services

Turnover (based on external sales) of the automotive components and other industrial services division for the six months ended 30 June 2016 was RMB4,871,678,000, representing an increase of 15.6% as compared to the corresponding period in last year. Benefited from the positive effects from the launches of new models, operating profits for the respective period increased to RMB143,509,000, representing an impressive increase of 38.2% as compared to the corresponding period in last year.

The automotive components and other industrial services division continued to be the key supplier for supplying a majority portion of the key automotive components to SGMW. During the period, 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. 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. The satisfactory market performance of the passenger vehicles model such as Wuling Hongguang (五菱宏光) and the Baojun series (寶駿) of SGMW essentially contributed to the business performance and provide promising business potential to this division.

During the period, operating margin continued to improve resulting from scale operations and the positive effects from the cost control and integration exercises, despite higher administrative costs incurred for the launches and new models and the various capacity expansion and upgrading projects.

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

In view of the anticipated growth of business of SGMW from the existing models and the launch of new models, the Group has been actively undertaken capacity expansion and upgrading programmes. With respect to the Liuzhou region, following the completion of the self-owned primary production base in Hexi Industrial Park, Liuzhou, with a site area of over 400,000 sqm., which is primarily for the mini-vehicles' components businesses in 2014, in response to the business strategy and the increasing orders of SGMW for the passenger vehicles, in particular for the sedans and MPVs, the division has established another production facility in the eastern district of Liuzhou ("Liudong Facilities"), which is mainly targeted at the types of sedan and MPV passenger vehicles' components businesses. Liudong Facilities, which is strategically located in adjacent to the passenger vehicles production base of SGMW, has started operation in late 2014. In view of the future demands from SGMW and other potential customers, the Group has commenced construction of the second phase development of Liudong Facilities last year to ensure adequate production capacity can be ready on a timely basis.

Apart from the Liuzhou and Qingdao regions, the Group also further expanded its production capacity in the western region of the PRC by establishing the Group's third key production facilities located in Chongqing, for serving the needs of SGMW and other new customers in this particular region. Construction of the first phase which commenced in early 2015 has been progressed satisfactorily where part of the production facilities has already started operational during the period. The Group is currently reviewing the second phase development in line with the expansion plan of SGMW and will initiate appropriate plans for further expansion of this production facility in due course.

Over the past few years, the Group has taken strategic steps in China to transform from a single production point operation in Liuzhou into an inter-provincial production group with facilities in Guangxi, Shandong and Chongqing, accomplishing a synchronized expansion and improvement in terms of corporate size and core competitiveness, meanwhile establishing a sound foundation for the Group's business growth and sustainable development in the future. These strategic steps, accompanied with the satisfactory growth in the business volume of the SGMW and other customers over the past few years, have benefited the business performance of the Group. Apart from the improvement in business performance, these strategic steps over the past few years have also strengthened the commercial collaboration between the Group and SGMW in pursuing current businesses as well as other future business opportunities. As SGMW has been actively promoting its overseas business activities by establishing its production plant in Indonesia, the Group has kept pace with such development of SGMW and decided to develop its overseas businesses concurrently by establishing our first overseas production base located in Indonesia, which is expected to commence operation in the second half of 2017. Being the fourth largest population country in the world and in consideration of its recent economic development, the Group is of the view that there is great business potential for the automobile industry in Indonesia and consider that the geographical expansion of the Group's automotive components businesses in Indonesia is an appropriate expansion strategy for the Group.

Notwithstanding the highly competitive market condition, the Group considers the competitive strength of its key customer, SGMW, in the market on the back of its successful models and the launch of new models will continue to provide strong supports to the operation of the automotive components and other industrial services division in the second half of 2016 and the years onwards.

Specialized Vehicles

Turnover (based on external sales) of the specialized vehicles division for the six months ended 30 June 2016 was RMB1,193,051,000, representing an increase of 19.2% as compared to the corresponding period in last year. Operating profit for the respective period was RMB15,734,000, representing an increase of 41.0%.

During this period, the Group sold approximately 28,000 specialized vehicles, representing an increase of 16.7% as compared to the corresponding period in last year. The increase was mainly attributable to an increase in the sale volume of redecorated vans, which have a lower profit margin, whereas sale volume of other products such as mini-school buses, mini-buses and multi-purpose mini-vans, etc, were remained stable. The specialized vehicles division has been actively promote new models to expand its product range and business volume, as well as to enhancing its profitability.

Operating margin maintained at 1.3% 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, sight-seeing cars and electrical vehicles. Being the primary focus of development of the Group, electrical vehicle product has recently reached a stage of breakthrough. Two products, including an electrical passenger mini-bus and an electrical logistic vehicle have obtained notifications of government approval in recent month. The Group plans to adopt the technical knowhow as developed from these two electrical vehicles as the platform to explore and develop a series of electrical specialized vehicles suitable for these particular business segments The Group expects the business development of these new models will benefit the profitability performance of the division.

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

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.

Financial Review

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Group's turnover for the six months ended 30 June 2016 was RMB8,502,171,000, representing an increase of 26.6% as compared to the corresponding period in last year. Impressive growth of businesses in the passenger vehicles segment from the new products of the engines and parts and automotive components and other industrial services divisions benefited the business performance of the Group for the period. Overall, strong market presence and increasing demands to the products of our key customer ensured a steady growth of the Group in the automobile industry in China.

Gross profit for the period under review was RMB866,002,000, representing an increase of 18.9% as compared to the corresponding period in last year. Increases in revenue and scale operation of the new higher end products with better profit margins contributed to the margin performance of the Group, despite the keen competition business environment.

Gross margin of the Group declined moderately to 10.2% during the period. The relatively low gross margin condition continued to reflect the keen competition environment in the automobile industry in China.

Net profit of the Group for the first half of 2016 was RMB134,670,000, representing a significant increase of approximately 89.9% as compared to the corresponding period in last year. Profits attributable to the owners of the Company was RMB66,217,000, representing an impressive increase of 131.5%.

In February 2016, the Company completed the capital injection of an additional sum of RMB160,000,000 in cash to Wuling Industrial. Accordingly, the Company's equity interest in Wuling Industrial had been increased from approximately 50.98% to approximately 54.86%. The increase in the equity interests in Wuling Industrial also led to an increase in profits attributable to the owners of the Company.

Other income comprised primarily bank interest income, government subsidies and other services income was in aggregate RMB41,340,000 for the six months ended 30 June 2016, representing an increase of 32.1% as compared to the corresponding period in last year primarily as a result of increases in bank interest income during the period.

Other gains amounted to RMB4,859,000 in total for the six months ended 30 June 2016, which comprised primarily gain on disposals of certain fixed assets during the period.

Selling and distribution costs of the Group comprised primarily transportation costs, warranty expenses and other marketing expenses were in aggregate RMB167,358,000 for the six months ended 30 June 2016, representing an increase of 7.0% as compared to the corresponding period in last year attributable to increases in warranty expenses resulting from launch of new products.

General and administrative expenses of the Group comprised primarily salary and allowances, various insurance expenses, rental expenses and other administrative expenses were in aggregate RMB522,206,000 for the six months ended 30 June 2016, representing an increase of 11.0% as compared to the corresponding period in last year due to the expanding scale of operation during the period.

Research and development expenses for the six months ended 30 June 2016 amounted to RMB189,115,000, representing an increase of 15.7% as compared to the corresponding period in last year. 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 2016 amounted to RMB48,916,000, representing an increase of 40.0% as compared to the corresponding period in last year, which was in line with the increasing scale of operation during the period. The balances had also included the finance cost of RMB17,259,000 which were interest expenses payable to Guangxi Automobile. To contain finance costs of the Group, Guangxi Automobile provided various sources of finance to the Group through borrowings and/or bills discounting activities at terms favourable than the market.

Basic earnings per share for the six months ended 30 June 2016 was RMB3.61 cents, representing an impressive increase of 96.2% as compared to corresponding period in last year, whereas, earnings per share on fully diluted basis was RMB3.57 cents, representing an increase of 97.2%. Respective earnings per share for the six months ended 30 June 2015 were adjusted for comparison purpose as a result of the completion of an open offer of shares by the Company on 30 July 2015, details of which were disclosed in the Company's announcement dated 29 July 2015.

Consolidated Statement of Financial Position

As at 30 June 2016, total assets and total liabilities of the Group stood at RMB14,237,377,000 and RMB12,224,802,000 respectively.

Non-current assets amounted to RMB3,005,114,000 comprised mainly property, plant and equipment, prepaid lease payments, deposits paid for acquisition of non-current assets and interests in joint ventures, etc.

Current assets amounted to RMB11,232,263,000 comprised mainly inventories of RMB1,329,645,000, trade and other receivables and bill receivables discounted with recourse of RMB7,241,771,000 (inclusive of advances drawn on bills receivables discounted with recourse amounting to RMB3,240,343,000), pledged bank deposits of RMB1,472,586,000 and bank balances and cash of RMB1,182,173,000. Amount due from SGMW, a related company and a key customer in the engines and automotive components businesses of the Group amounted to RMB2,604,267,000 was recorded as trade and other receivables in the statement of financial position. These receivables balances were subject to normal commercial settlement terms.

Current liabilities amounted to RMB12,008,383,000, comprised mainly trade and other payables of RMB8,430,431,000, provision for warranty of RMB194,137,000, tax payable of RMB81,445,000, amount due to Guangxi Automobile of RMB24,846,000, bank borrowings — due within one year of RMB55,496,000 and advances drawn on bills receivables discounted with recourse of RMB3,222,028,000. The corresponding bills receivables discounted with recourse to these advances amounting to RMB3,240,343,000 were recorded as trade and other receivables which would be offset against upon maturity.

The Group recorded net current liabilities of RMB776,120,000 as at 30 June 2016, which had been decreased as compared to the net current liabilities of RMB835,503,000 as at 31 December 2015.

Non-current liabilities amounted to RMB216,419,000 comprised mainly amount due to Guangxi Automobile of RMB178,697,000, deferred income of RMB17,539,000 and deferred tax liability of RMB20,183,000.

Liquidity and Capital Structure

The operating activities of the Group registered a net cash outflow of RMB1,410,800,000 for the six months ended 30 June 2016. The net cash outflow was mainly attributable to the financing activities of bills receivables discounted which resulted in a substantial increase in the amount of trade and other receivables as at the reporting date of 30 June 2016. Other than that, the individual items of current assets and current liabilities under the operating activities of the Group were all maintained at relatively stable level.

Meanwhile, the investing activities of the Group remained in a net cash outflow situation for the six months ended 30 June 2016 which was primarily due to the increase in pledged bank deposits arising from the financing activities of bills receivables discounted. Besides, capital expenditures incurred for on-going expansion and upgrading projects implemented by the Group were also another contributing factor, despite the fact that such amounts had been reduced as compared to the corresponding period in last year.

During the period, the operating and investing activities were mainly satisfied by the financing activities of the Group through bills receivables discounted. The Group considers bill discounting activities an effective means of financing available to the Group during the period in terms of finance cost consideration. The outstanding advances drawn on bills receivables discounted with recourse as at 30 June 2016 were RMB3,222,028,000 which was increased as compared to the previous reporting balances as at 31 December 2015. The corresponding bills receivables discounted with recourse to these advances amounting to RMB3,240,343,000 were recorded as trade and other receivables which would be offset against upon maturity.

As at 30 June 2016 total bank balances and cash maintained by the Group amounted to RMB1,182,173,000. Besides, pledged bank deposits amounting to RMB1,472,586,000 were maintained to secure the banking facilities offered to the Group, which related primarily to the advances drawn on bills receivables discounted with recourse. The substantial increase in pledged bank deposits as compared to previous reporting balances as at 31 December 2015 was in line with the increase in outstanding advances drawn on bills receivables discounted with recourse as abovementioned.

Bank borrowings other than advances drawn on bills receivables discounted with recourse amounted to RMB55,496,000 as at 30 June 2016, which was increased as compared to the balances of RMB2,895,000 as at 31 December 2015.

The Group's bank borrowings other than advances drawn on bills receivables discounted with recourse were maintained at a relatively low level since last year, which was consistent with the financing strategy of the Group by using bills receivables discounted as the main source of finance. 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 at an appropriate financing strategy for the Group.

During the period, total number of 14,230,270 ordinary shares of the Company were issued upon the exercise of 14,230,270 share options with proceeds of HKD6,774,000 (equivalent to RMB5,697,000). Accordingly, issued capital increased from RMB6,600,000 as at 31 December 2015 to RMB6,648,000 as at 30 June 2016. Total equity attributable to the shareholders of the Company, comprised primarily the share premium, PRC general reserve, contributed surplus, capital reserve, other reserves and retained profits, amounted to RMB1,101,593,000 as at 30 June 2016. Net asset value per share was RMB60 cents as at 30 June 2016.

Pledge of Assets

At 30 June 2016, a property held by the Group in Hong Kong with an aggregate value of RMB4,658,000 was pledged to secure the bank loans granted to Group. Besides, bank deposits amounting to RMB1,472,586,000 and bills receivables discounted with recourse amounting to RMB3,240,343,000 were pledged to the banks mainly to secure certain banking facilities offered to the Group.

Exposure to Fluctuation in Exchange Rates

At 30 June 2016, the Group maintained Hong Kong dollar bank loans and other payables of an aggregate amount of RMB3,670,000 and Hong Kong dollar bank deposits and other receivables of an aggregate amount of RMB7,454,000. 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 2016, 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 RMB693,174,000.

Contingent Liabilities

At 30 June 2016, the Group did 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 2016 (Period ended 30 June 2015: 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 2016 (Period ended 30 June 2015: 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 on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange sets out the principles of good corporate governance and the code provisions as set out in the CG Code.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Own Code") on terms no less exacting than the Model Code for Securities Transaction by Directors of Listed Issuers, as amended from time to time, (the "Model Code") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made 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 2016.

AUDIT COMMITTEE

The Audit Committee of the Company, comprising the three independent non-executive directors, namely Mr. Ye Xiang (the Chairman), Mr. Zuo Duofu and Mr. Wang Yuben, 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, internal controls and risk management systems. 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 2016 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 2016 has also been reviewed by the Audit Committee.

HUMAN RESOURCES AND REMUNERATION POLICY

At 30 June 2016, the Group had approximately 12,300 employees, including approximately 7,650 staff members and 4,650 workers. Total staff costs for the six months ended 30 June 2016 were approximately RMB361,823,000, representing an increase of approximately 5.7% as compared to the corresponding period in last year. 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. Ye Xiang and Mr. Wang Yuben, 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 2016 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. Wei Hongwen (Chairman), Mr. Lee Shing (Vice-chairman and Chief Executive Officer), Mr. Sun Shaoli, Mr. Zhong Xianhua, and Ms. Liu Yaling as executive directors and Mr. Zuo Duofu, Mr. Ye Xiang and Mr. Wang Yuben as independent non-executive directors.

On behalf of the Board
Wei Hongwen
Chairman

Hong Kong, 30 August 2016