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 2017

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2017	2016	Change
	RMB'000	*RMB'000*	(%)
Revenue	**8,628,678**	8,502,171	+1.5%
Gross profit	**861,294**	866,002	-0.5%
Profit for the period	**138,553**	134,670	+2.9%
Profit attributable to the owners of the Company	**76,103**	66,217	+14.9%

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 2017.

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 of the Company. The interim financial results have also been reviewed by the audit committee of the Company ("Audit Committee").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2017

	NOTES	Six months ended 30 June 2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Revenue	3	**8,628,678**	8,502,171
Cost of sales		**(7,767,384)**	(7,636,169)
Gross profit		**861,294**	866,002
Other income		**51,086**	41,340
Other gains and losses	4	**9,621**	1,490
Selling and distribution costs		**(177,266)**	(167,358)
General and administrative expenses		**(420,654)**	(329,722)
Research and development expenses		**(89,542)**	(189,115)
Share of results of joint ventures		**(5,370)**	(3,741)
Finance costs		**(58,438)**	(48,916)
Profit before taxation		**170,731**	169,980
Income tax expense	5	**(32,178)**	(35,310)
Profit for the period	6	**138,553**	134,670
Other comprehensive expense:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences arising from translation of foreign operations		**(3,300)**	(44)
Total comprehensive income for the period		**135,253**	134,626
Profit for the period attributable to:			
Owners of the Company		**76,103**	66,217
Non-controlling interests		**62,450**	68,453
		138,553	134,670
Total comprehensive income for the period attributable to:			
Owners of the Company		**72,803**	66,173
Non-controlling interests		**62,450**	68,453
		135,253	134,626
Earnings per share	8		
— Basic		**RMB4.15 cents**	RMB3.61 cents
— Diluted		**RMB4.10 cents**	RMB3.57 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	NOTES	**30 June 2017** *RMB'000* **(Unaudited)**	31 December 2016 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**2,454,165**	2,474,743
Prepaid lease payments		**301,259**	244,887
Premium on prepaid lease payments		**835**	848
Investment properties	*9*	**9,134**	8,532
Interests in joint ventures		**102,626**	103,916
Deposits paid for acquisition of property, plant and equipment		**384,142**	304,944
Available-for-sale investment		**10,000**	10,000
		3,262,161	3,147,870
CURRENT ASSETS			
Inventories		**712,010**	1,468,151
Trade and other receivables	*10*	**8,067,471**	5,898,441
Prepaid lease payments		**7,447**	6,088
Pledged bank deposits		**1,232,965**	302,630
Bank balances and cash		**905,518**	1,559,741
		10,925,411	9,235,051
CURRENT LIABILITIES			
Trade and other payables	*11*	**7,777,351**	8,657,663
Provision for warranty	*12*	**156,215**	162,952
Tax payable		**73,584**	153,553
Bank borrowings	*14*	**930,378**	55,903
Derivative financial instrument	*13*	**130,786**	–
Convertible loan notes	*13*	**1,448**	–
Advances drawn on bills receivable discounted with recourse	*15*	**2,628,934**	1,177,555
		11,698,696	10,207,626
NET CURRENT LIABILITIES		**(773,285)**	(972,575)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,488,876**	2,175,295

	NOTES	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Deferred income		**16,072**	16,805
Convertible loan notes	*13*	**219,251**	–
Deferred tax liabilities		**25,251**	23,319
		260,574	40,124
		2,228,302	2,135,171
CAPITAL AND RESERVES			
Share capital	*16*	**6,648**	6,648
Reserves		**1,222,652**	1,169,497
Equity attributable to owners of the Company		**1,229,300**	1,176,145
Non-controlling interests		**999,002**	959,026
		2,228,302	2,135,171

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

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 condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity and going concern of the Group in light of the Group's current liabilities exceed its current assets by approximately RMB773 million at as 30 June 2017 (31 December 2016: RMB973 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 banking facilities for issuance of bills payables and bank borrowings, estimated future cash flows of the Group and assets available to pledge for obtaining further banking facilities.

Accordingly, the directors of the Company believe that it is appropriate to prepare the 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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated interim financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the annual financial statements of the Group for the year ended 31 December 2016.

Convertible loan notes

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative.

At the date of issue, both the liability component and derivative components are recognized at fair value. In subsequent periods, the liability component of the convertible loan notes is carried at amortized cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognized in profit or loss.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the debt portion and amortized over the period of the convertible loan notes using the effective interest method.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivatives contract are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in profit or loss immediately.

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealized losses
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 — 2016 Cycle

The application of the amendments to HKFRSs did not have any material impact on the Group's condensed consolidated financial statements.

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 *RMB'000*	Automotive components and other industrial services *RMB'000*	Specialized vehicles *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Consolidated *RMB'000*
Six months ended 30 June 2017						
REVENUE						
External sales	**1,708,146**	**5,573,857**	**1,346,675**	**–**	**–**	**8,628,678**
Inter-segment sales	**50,213**	**8,885**	**315**	**–**	**(59,413)**	**–**
Total	**1,758,359**	**5,582,742**	**1,346,990**	**–**	**(59,413)**	**8,628,678**
Segment profit	**76,881**	**140,157**	**16,163**	**347**		**233,548**
Bank interest income						**21,203**
Fair value change in derivative financial instrument						**1,064**
Central administration costs						**(21,276)**
Share of results of joint ventures						**(5,370)**
Finance costs						**(58,438)**
Profit before taxation						**170,731**

	Engines and related parts *RMB'000*	Automotive components and other industrial services *RMB'000*	Specialized vehicles *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Consolidated *RMB'000*
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

4. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Impairment loss reversed in respect of trade receivables	**6,579**	4,254
Net exchange gain (loss)	**5,733**	(22)
Fair value change in derivative financial instrument	**1,064**	–
Gain (loss) on revaluation of investment properties	**867**	(252)
(Loss) gain on disposal of property, plant and equipment	**(4,622)**	5,133
Impairment loss recognized on trade receivables	**–**	(7,623)
Other gains and losses	**9,621**	1,490

5. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Tax charge represents:		
PRC Enterprise Income Tax ("EIT")		
Current period	**29,069**	31,774
Withholding tax on dividend distribution	**1,177**	292
Deferred tax		
Current period	**1,932**	3,244
	32,178	35,310

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 柳州五菱汽車工業有限公司 (Liuzhou Wuling Motors Industrial Company Limited) ("Wuling Industrial") and 柳州五菱柳機動力有限公司 (Liuzhou Wuling Liuji Motors Company Limited) ("Liuji Motors") are approved as enterprises that satisfied as a High-New Technology Enterprise and entitle the preferential tax rate of 15% in 2016 and 2017.

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.

During the period, deferred tax of RMB3,128,000 (2016: RMB3,681,000) 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	
	2017	2016
	RMB'000	*RMB'000*
Profit for the period has been arrived at after charging (crediting) the following items:		
Directors' emoluments	**1,572**	1,592
Other staff costs	**405,700**	331,071
Retirement benefit scheme contributions, excluding directors	**29,640**	29,160
Total staff costs	**436,912**	361,823
Property rental income	**(80)**	(66)
Cost of inventories recognized as an expense	**7,767,384**	7,636,169
Depreciation of property, plant and equipment	**109,961**	107,602
Release of prepaid lease payments (included in general and administrative expenses)	**3,663**	3,033
Release of premium on prepaid lease payments (included in general and administrative expenses)	**13**	13
Bank interest income	**(21,203)**	(19,243)

7. DIVIDEND

During the current interim period, a final dividend of HK1.25 cents per share in respect of the year ended 31 December 2016 (2016: HK0.75 cent per share in respect of the year ended 31 December 2015) 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$22,948,000 (or equivalent to RMB19,648,000) (2016: HK$13,769,000 or equivalent to RMB11,790,000).

The directors of the Company have determined that no dividend will be paid in respect of the current interim period (2016: 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	
	2017	2016
	RMB'000	*RMB'000*
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**76,103**	66,217
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes (net of income tax)	**4,169**	–
Earnings for the purpose of diluted earnings per share	**80,272**	66,217

	For the six months ended 30 June	
	2017	2016
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,835,822**	1,832,659
Effect of dilutive potential ordinary shares:		
Convertible loan notes	**119,968**	–
Share options	**–**	20,411
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,955,790**	1,853,070

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

Investment Properties

The Group's investment properties on 30 June 2017 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 RMB4,899 to RMB5,645 and RMB4,328 to RMB5,153. 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 2017 and 31 December 2016 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 gain of RMB867,000 attributable to its investment properties in profit or loss (2016: loss of RMB252,000).

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 RMB167,415,000 (2016: RMB275,397,000). In addition, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of RMB78,034,000 (2016: RMB29,383,000) for a cash proceeds of RMB73,412,000 (2016: RMB34,516,000), resulting in a loss on disposal of RMB4,622,000 (2016: gain on disposal of RMB5,133,000).

10. TRADE AND OTHER RECEIVABLES

	notes	**At 30 June 2017 *RMB'000***	At 31 December 2016 *RMB'000*
Trade and bills receivables:			
— SAIC-GM-Wuling Automobile Co., Limited ("SGMW")	*(i)*	**3,756,412**	3,269,474
— Guangxi Automobile Group	*(ii)*	**78,048**	54,357
— 廣西威翔機械有限公司 Guangxi Weixiang Machinery Company Limited ("Guangxi Weixiang")	*(iii)*	**3,297**	3,177
— third parties		**1,265,265**	891,915
		5,103,022	4,218,923
Less: Allowance for doubtful debts		**(74,297)**	(81,485)
		5,028,725	4,137,438
Other receivables:			
Prepayments for purchase of raw materials	*(iv)*	**283,371**	331,374
Value-added tax recoverable		**16,059**	153,826
Others		**82,266**	90,443
		381,696	575,643
Bills receivables discounted with recourse *(note 15)*		**2,657,050**	1,185,360
Total trade and other receivables		**8,067,471**	5,898,441

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 Company.

(iv) Included in the balance were amounts of RMB18,537,000 (2016: RMB22,558,000) paid to SGMW.

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

Included in trade and other receivable are trade and bills receivables of RMB5,028,725,000 (31 December 2016: RMB4,137,438,000) and an aged analysis of trade receivables (net of allowance for doubtful debts) and bills receivables based on invoice date are presented as follows:

	At 30 June 2017 *RMB'000*	At 31 December 2016 *RMB'000*
0 to 90 days	**3,469,700**	3,909,308
91 to 180 days	**1,529,942**	152,477
181 to 365 days	**20,000**	69,268
Over 365 days	**9,083**	6,385
	5,028,725	4,137,438

11. TRADE AND OTHER PAYABLES

	notes	**At 30 June 2017** *RMB'000*	At 31 December 2016 *RMB'000*
Trade and bills payables:			
— SGMW	*(i)*	**383,424**	614,923
— Guangxi Automobile Group		**96,296**	168,051
— 青島點石汽車配件有限公司 Qingdao Dianshi Motors Accessories Company Limited ("Qingdao Dianshi")	*(ii)*	**24,167**	3,478
— third parties		**6,112,811**	6,208,972
		6,616,698	6,995,424
Receipt in advance from customers		**151,916**	381,974
Value added tax payables		**94,480**	128,246
Accrued research and development expenses		**395,655**	378,410
Accrued staff costs		**106,547**	171,686
Other tax payables		**150,400**	245,310
Payables for acquisition of property, plant and equipment		**47,523**	73,356
Deposits received from suppliers		**120,157**	95,497
Other payables		**93,975**	187,760
Total trade and other payables		**7,777,351**	8,657,663

Notes:

(i) An aged analysis of trade and bills payables based on the invoice date is presented as follows:

	At 30 June 2017	At 31 December 2016
	RMB'000	*RMB'000*
0 to 90 days	**4,833,528**	4,583,935
91 to 180 days	**1,567,799**	2,129,273
181 to 365 days	**60,679**	146,992
Over 365 days	**154,692**	135,224
	6,616,698	6,995,424

(ii) Qingdao Dianshi is a joint venture of the company.

12. PROVISION FOR WARRANTY

	RMB'000
At 1 January 2016	151,353
Additional provision in the year	45,795
Utilization of provision	(34,196)
At 31 December 2016	**162,952**
Additional provision for the period	**11,246**
Utilization of provision	**(17,983)**
At 30 June 2017	**156,215**

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.

13. DERIVATIVE FINANCIAL INSTRUMENT/CONVERTIBLE LOAN NOTES

On 23 May 2017, the Company issued convertible loan notes with an aggregate principal sum of HK$400,000,000 at par (equivalent to approximately RMB353,760,000) to Wuling (Hong Kong) Holdings Limited ("Wuling HK") ("CN 2020"). Wuling HK is the immediate holding company of the Company. CN 2020 is denominated in Hong Kong dollars and carries interest at 4% per annum with maturity on 23 May 2020. CN 2020 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 22 November 2017 upto the fifth business days prior to the maturity date, at a conversion price of HK$0.70 per ordinary share, subject to anti-dilutive adjustments. Unless converted, CN 2020 will be redeemed on maturity data at par.

CN 2020 contains two components, being a liability component and a conversion option derivative component. The effective interest rate of the liability component is 22.68%. The conversion option derivative is measured at fair value with changes in fair value recognized in profit or loss.

The movement of the liability and derivative components of the CN 2020 during the period is set out below:

	For the six months ended 30 June 2017	
	Liability component	**Derivative component**
	RMB$'000	*RMB$'000*
Carrying amount at 23 May 2017	219,602	134,158
Effective interest expense	4,993	–
Changes in fair value recognized in profit or loss during the period	–	(1,064)
Exchange gain	(3,896)	(2,308)
At the end of the period	**220,699**	**130,786**
Analysed as:		
Current	**1,448**	**130,786**
Non-Current	**219,251**	**–**
	220,699	**130,786**

The methods and assumptions applied for the valuation of the liability and conversion option derivative components of CN 2020 are as follows:

(i) Valuation of liability component

The fair value of the liability component on initial recognition was based on a valuation provided by BMI Appraisals Limited ("BMI"), a firm of independent professional valuers not connected with the Group, calculated using the present value of contractually determined stream of future cash flows discounted at the required yield of 22.68%, which was determined with reference to the credit rating of the Company and remaining time to maturity.

(ii) Valuation of conversion option derivative component

The conversion option component was measured at fair value using the Binomial Option Pricing Model by BMI, as of 23 May 2017 and 30 June 2017. The inputs into the model at the respective dates were as follows:

	As at 30 June 2017	**As at 23 May 2017**
Share price	HK$0.65	HK$0.65
Conversion price	HK$0.70	HK$0.70
Expected dividend yield	1.92%	1.92%
Volatility	63.10%	62.10%

14. BANK BORROWINGS

	note	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Secured		**404,306**	55,903
Unsecured		**526,072**	–
		930,378	55,903
Carrying amount repayable on demand or within one year	*(i)*	**929,608**	55,073
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)		**770**	830
Amount due within one year shown under current liabilities		**930,378**	55,903

Notes:

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

(ii) The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	At 30 June 2017	At 31 December 2016
Effective interest rate:		
Variable–rate borrowings	**3.50% to 6.65%**	5.25%

15. ADVANCES DRAWN ON BILLS RECEIVABLES DISCOUNTED WITH RECOURSE

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

The following were the Group's financial assets as at 30 June 2017 and 31 December 2016 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 2017 *RMB'000*	At 31 December 2016 *RMB'000*
Carrying amount of transferred assets *(note 10)*	**2,657,050**	1,185,360
Carrying amount of associated liabilities	**(2,628,934)**	(1,177,555)
Net position	**28,116**	7,805

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 2016, 31 December 2016 and 30 June 2017		101,521
Issued and fully paid:		
Ordinary shares of HK$0.004 each		
As at 1 January 2016	1,821,591,571	7,286
Exercise of share options	14,230,270	57
As at 31 December 2016 and 30 June 2017	1,835,821,841	7,343

	At 30 June 2017 *RMB'000*	At 31 December 2016 *RMB'000*
Shown in the condensed consolidated financial statements	**6,648**	6,648

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**	**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 ii)*	(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	–	–	–	–

Notes:

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

(ii) 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 2017 ***RMB'000***	At 31 December 2016 *RMB'000*
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of:		
— construction in progress	**80,676**	104,916
— property, plant and equipment	**269,984**	271,807
	350,660	376,723

19. OPERATING LEASES

The Group as lessee

Minimum lease payments made under operating leases during the period was RMB21,471,000 (2016: RMB22,757,000).

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 2017 *RMB'000*	At 31 December 2016 *RMB'000*
Within one year	**39,299**	38,965
In the second to fifth year inclusive	**18,342**	37,772
	57,641	76,737

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. RELATED PARTY DISCLOSURES

(i) Related party transactions

Company	Relationship	Transactions	For the six months ended 30 June 2017 RMB'000	2016 RMB'000
SGMW	Related party *(note 10(i))*	Sales by the Group	**6,307,282**	6,680,830
		Purchase of materials by the Group	**2,553,662**	2,901,570
		Warranty costs incurred by the Group	**243**	693
		Service income for warehouse management and related services	**14**	–
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	**215,870**	121,750
		Purchase of:		
		Automotive components and other accessories by the Group	**15,315**	38,109
		Mini passenger buses by the Group	**119,387**	182,377
		Electronic devices and components by the Group	**–**	1,433
		Air-conditioning parts and accessories by the Group	**4,716**	1,583
			139,418	223,502
		License fee paid by the Group	**613**	433
		Rental expenses paid by the Group	**15,780**	16,326
		Interest expenses paid by the Group on — advances drawn on bills receivables	**22,288**	17,259
Qingdao Dianshi	Joint venture	Sales of raw materials and automotive components by the Group	**7,823**	9,670
		Purchase of automotive components and other accessories by the Group	**54,796**	70,792
Guangxi Weixiang	Joint venture	Sales of raw materials and automotive components by the Group	**66**	6,142
		Purchase of automotive components and other accessories by the Group	**1,378**	896
		Machiney rental income by the Group	**1,000**	–

(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 31 December 2016 were supported by corporate guarantee to the extent of RMB2,850,000,000 (30 June 2017: Nil) 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	
	2017	2016
	RMB'000	*RMB'000*
Short-term benefits	**1,537**	1,475
Post-employment benefits	**35**	117
	1,572	1,592

(v) Provision of facility

Guangxi Automobile agreed to provide a facility to the Group as at 30 June 2017, whereby the Group could discount, without recourse, its bill receivables to Guangxi Automobile to the extent of RMB4,000,000,000 (31 December 2016: RMB2,850,000,000). The discounting rate per annum was the most favourable discounting rates offered in the market from time to time. During the current interim period, the Group discounted bills receivables of RMB491,470,000 (31 December 2016: RMB2,347,613,000) to Guangxi Automobile with a maturity period less than 180 days and at an average discount rate of 4.13% (31 December 2016: 2.8%) per annum.

(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 2017	At 31 December 2016
	RMB'000	*RMB'000*
Within one year	**30,857**	36,418
In the second to fifth year inclusive	**15,429**	36,418
	46,286	72,836

(vii) Convertible loan notes

Details of convertible loan notes issued to Wuling HK during the period are set out in note 13.

21. EVENTS AFTER THE END OF THE REPORTING PERIOD

1. On 3 July 2017, Wuling Industrial entered into agreement with Faurecia (China) Holding Co. Ltd., in relation to the establishment of a joint venture company for pursuing the business of car seat products in China which will be owned as to 50% each by Wuling Industrial and Faurecia Group. In accordance with the joint venture agreement, Wuling Industrial and Faurecia (China) Holding Co. Ltd., will each contribute cash in the amount of RMB75 million to the newly formed joint venture company. Besides, pursuant to the joint venture agreement, after the establishment of the joint venture company, Wuling Industrial and the joint venture company shall enter into ancillary agreements in relation to, among other things, the acquisition of the machinery and equipment of Wuling Industrial which are currently used for the production of car seat products located in Liuzhou and Qingdao, the PRC for the purpose of facilitating the business and operation of the joint venture company. Details of the joint venture agreement and the transactions contemplated thereunder was disclosed in the Company's announcement dated 3 July 2017.

2. On 18 August 2017, Wuling Industrial entered into an equity transfer agreement with Guangxi Automobile and Wuling Motors (Hong Kong) Company Limited, respectively ultimate holding company and intermediate holding company of the Company, pursuant to which Wuling Industrial conditionally agreed to acquire 50.7% and 49.3% of equity interest in 青島五菱汽車科技有限公司 (Qingdao Wuling Automobile Technology Limited*) from Guangxi Automobile and Wuling Motors (Hong Kong) Company Limited at a consideration of RMB71,857,500 and RMB69,873,200, respectively. 青島五菱汽車科技有限公司 is currently the registered owner of a parcel of land and the buildings constructed thereon, located in south of Songhuajiang Road, west of Jiangshan Road, Huangdao District, Qingdao, the PRC* (青島市黃島區江山路西、松花江路南側), which are currently leased to Wuling Industrial as offices and production plants. Completion of the equity transfer agreement is subject to, inter alia, approval of the independent shareholders of the Company. Details of the equity transfer agreement and the transactions contemplated thereunder was disclosed in the Company's announcement dated 18 August 2017.

22. COMPARATIVE FIGURES

The comparative figures of other gains and losses, general and administrative expenses and research and development expenses were reclassified to conform to the presentation in the current interim period.

* *For identification purposes only*

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 2017.

The first half of 2017 continued to be full of challenges and opportunities to the automobile industry in China. With the undergoing structural changes of the market and the implementation of the fundamental supply side reform measures, the automobile industry entered into the stage of development emphasizing an equilibrium of growth and quality. Adhering to our operating policies of "Pursuing Growth Amid Stability, Optimizing Business Structure, Promoting Sustainable Development", Wuling Motors managed to enhance quality and efficiency, continued to adjust our enterprise structure and promoted business transformation, unremittingly identifying new business goals for strategic development without compromising the long-standing scale of operation and healthy growth. Despite a relatively tough business environment, the Group recorded a total revenue of RMB8,628,678,000 for the first six months of 2017, representing a slight increase of 1.5% as compared to the corresponding period in last year.

Gross profit for the period under review was RMB861,294,000, representing a slight decrease of 0.5%. Growth of businesses in the passenger vehicles segment from the new products of the automotive components and other industrial services divisions benefited the business performance of the Group for the period. The positive impact from the gross profit margin performance was however impeded by the increases in the prices of raw material during the period.

Meanwhile, increases in the staff cost in response to the keen competition in the human resources market and the recruitment of the management and administrative workforce for the newly established plants and facilities and other ongoing projects undertaken by the Group had also offset the positive impact from a reduction in the research and development expenses, which resulted in an increase in the administrative expenses during the period.

Net profit of the Group for the first half of 2017 was RMB138,553,000, representing an increase of approximately 2.9% as compared to the corresponding period in last year. Profits attributable to the owners of the Company was RMB76,103,000, representing an increase of approximately 14.9%.

On 23 May 2017, the Company issued a convertible loan notes of a principal amount of HK$400,000,000 to Wuling (Hong Kong) Holdings Limited ("Wuling HK"), our controlling shareholder, as approved by the independent shareholders of the Company at a special general meeting held on 16 December 2016. The convertible loan notes which bear interest at 4% per annum would be eligible to be converted into a total number of 571,428,571 fully paid up shares of the Company at an initial conversion price of HK$0.70 per share.

In connection with the issue of these convertible loan notes and as approved by the independent shareholders of the Company at the abovementioned special general meeting, the Company had also completed the first instalment of capital injection into Liuzhou Wuling Motors Industrial Company Limited ("Wuling Industrial"), our non-wholly owned subsidiary, by contributing an additional sum of RMB340,000,000 in cash to Wuling Industrial of which RMB161,126,100 was contributed to the registered capital of Wuling Industrial and RMB178,873,900 was contributed to the capital reserves of Wuling Industrial. Upon completion of this capital injection, the registered capital of Wuling Industrial was increased from RMB1,042,580,646 to RMB1,203,706,746 and the Company's equity interest in Wuling Industrial on an enlarged basis was increased by approximately 6.04% to approximately 60.90%. Completion of the capital injection in Wuling Industrial enabled the Company to have a greater equity share of the business operation of Wuling Industrial, our principal operating arm in the automobile industry, whereas, the issue of the convertible loan notes to Wuling HK demonstrated the long term commitment of the ultimate controlling shareholder Guangxi Automobile Holdings Limited ("Guangxi Automobile") in the Company.

The Company is in the process of considering the financing means for completing the second instalment of capital injection into Wuling Industrial amounting to RMB250,000,000 which will be due on or before 31 December 2017. Upon completion of the second instalment, the Company's equity interest in Wuling Industrial on an enlarged basis will be further increased by approximately 3.51% to approximately 64.41%.

Opportunities and Challenges

The economic environment in China continued to undergo certain structural adjustments during the first half of 2017, being the second year of the China's "13th Five Year Plan". 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 2017. Total number of motor vehicles sold in China increased moderately by 3.8% on a year-on-year basis and reached 13.3 million vehicles, in which the pace of growth of the segment of passenger vehicles was slowed down following consecutive years of impressive expansion.

During the period, in co-operation with customers and business partners, new products were continuously 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, enhancement and upgrading projects were also initiated in the established facilities such as the Liuzhou Hexi Industrial Facilities and the Qingdao Facilities and the newly setup facilities such as the Liudong Facilities and the Chongqing Facilities to provide the required fundamental platforms for furthering our business potential and development strategies. Completion of these enhanced facilities empowered by the essential elements of automation and intelligent manufacturing systems would necessarily ensure our competitive strength in the market for future business development and other transformation projects. Meanwhile, the Group has also 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 progressing satisfactorily and is expected to commence operation in the second half of 2017.

In line with the specific business environment and the strategy of our key customer, the Group had undertaken certain strategic changes in our business operations recently. 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. This strategic change had continued to work as the driving forces of the engines and parts and the automotive components and other industrial services divisions which would be beneficial to the profitability of the Group in future.

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. Re-engineering of our product structure in response to the market needs in quest for continued growth of the automobile manufacturing business by pursuing steady growth in the proportion of sales of automotive parts and components for the passenger vehicles segment under the automotive components and other industrial services division and the launching of new products of our engines and parts and specialized vehicles divisions serving the needs of the market trend;

b. Constructing of a new frame of enterprise structure endowed with "Multiple Growth Drivers With Diverse Profit Streams" through an optimal positioning and scale operation of the production facilities in different geographical locations and in exploring opportunities arisen from abroad for our principal products such as engines and chassis components and the streamlining and restructuring exercises of our ancillary products such as car seat products and trading of raw materials under our key business segments;

c. Establishing of an intelligent production system to pave the way for the upcoming development of intelligent manufacturing through the adoption of innovative industrialization programmes such as "Internet +" and "Industry 4.0" and the undertaking of the automation exercises for the established facilities and the newly setup facilities;

d. Enhancing of the efficiency and effectiveness in operation and management decision making processes through implementation of the lean management system and the benchmarking exercises with the proven global manufacturing systems of the renowned key customers and business partners; and

e. Building of an effective management team and workforce through active investment in the human resources with the appropriate human resources policies.

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 related parts; (2) automotive components and other industrial services; and (3) specialized vehicles for the first half of 2017 are detailed below:

Engines and Related Parts

Total revenue (based on external sales) of the engines and related parts division for the six months ended 30 June 2017 was RMB1,708,146,000, representing a decrease of 29.9% as compared to the corresponding period in last year. Operating profit for the respective period was RMB76,881,000, representing an increase of 1.5% 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 2017 was approximately 180,000 units, representing a decrease of approximately 35.7% as compared to corresponding period in last year.

During the period, sales to SGMW, our core customer, amounted to approximately RMB1,391,000,000 and continued to account for the majority portion of the division's revenue. Sales to SGMW were mainly attributable to the contribution from the NP18 model, the Group's first self-propriety engine which was launched in 2015 for passenger vehicles. A reduction in the sale volume of the NP18 model as compared to the impressive sales volume buoyed by the ground-breaking Baojun 560 model of SGMW in corresponding period in last year, resulted in a decrease in the sale volume and the total revenue of the engines and parts division on a year-on-year basis. However, when comparing with the sale volume of NP18 model achieved in the second half of 2016, which are primarily installed in the Baojun 730 and 560 model of SGMW, the sale performance of this division could be taken as relatively stable.

Meanwhile, as a long standing industry leader in the manufacturing of engines for the commercial mini-vehicles, Wuling Liuji continued to supply products to other automobile manufacturers in this market segment. Sales, primarily engine sets, to other customers amounted to approximately RMB317,000,000 for the first half of 2017, representing approximately 18.6% of the total revenue of this division.

Operating margin slightly improved to 4.5% as compared to the corresponding period in last year. Despite a reduction in the sale volume and the total revenue, continuous improvement of the operations of the foundry facilities and gradual improvement in the production efficiency of the NP18 model at an optimal scale operation level benefited the profitability performance of this division through an improved gross profit margin and a decrease in warranty expenses incurred.

The production capacity of Wuling Liuji for the assembly functions at present is about 800,000 units a year, in which approximately 280,000 units are for the NP18 model, 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. Apart from the successfully launched NP18 model as previously mentioned, Wuling Liuji is currently undertaking projects in enhancing the NP18 model and in developing new products with greater capacity in serving the specific needs of the customers to further expand the products range of the business potential of the engines and parts division.

Going forward, Wuling Liuji will continue to focus on the research and development, as well as the marketing programmes of its existing and new products, so as to maintain its competitiveness in this market segment. The Group believes the increasing applications of the successfully launched higher end models to the passenger vehicles of SGMW and other new customers and the introduction of other new higher end products will enhance the business potential and the technical capability of Wuling Liuji which will contribute to its profitability in the coming years.

Automotive Components and Other Industrial Services

Total revenue (based on external sales) of the automotive components and other industrial services division for the six months ended 30 June 2017 was RMB5,573,857,000, representing an increase of 14.4% as compared to the corresponding period in last year. Operating profits for the respective period was RMB140,157,000, representing a decrease of 2.3% as compared to the corresponding period in last year.

The automotive components and other industrial services division, undertaken by our subsidiary, Wuling Industrial, 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 impressive 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.

Operating margin slightly eased to 2.5% as compared to the corresponding period in last year. The positive effects from the launches of new models continued to benefit the operating margin of this division. This positive impact was however impeded by the increases in the prices of raw material during the period. Meanwhile, increases in the staff cost in response to the keen competition in the human resources market and the recruitment of the management and administrative workforce for the newly established plants and facilities and other ongoing projects undertaken by Wuling Industrial had also offset the positive impact from a reduction in the research and development expenses of this division.

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. 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. The first and second phase of the Liudong Facilities, which is strategically located in adjacent to the passenger vehicles production base of SGMW, has become fully operational in last year.

Foreseeing a significant growth of passenger vehicles' components businesses and considering that the Liudong Facilities would gradually be fully utilized, Wuling Industrial had decided to expand its Liudong Facilities by undertaking the third phase development through the acquisition of a new industrial site with a site area of approximately 140,500 sqm. located adjacent to the Liudong Facilities at a consideration of RMB48,000,000. Acquisition of the industrial was concluded in late 2016, whereas construction work of foundation and infrastructure had been completed to ensure adequate production capacity could be available to serve the increasing needs from customers on a timely basis.

Apart from the production facilities in the Liuzhou region, Wuling Industrial had also recently formulated development plans for the other two main production facilities in China, i.e. the production facilities located in Qingdao and Chongqing. As for the production facilities in Qingdao, due to the launches of the new passenger vehicles by SGMW manufactured in their production base in Shandong, the production facilities located in Qingdao would be required to undertake certain technology advance and capacity expansion projects. Such projects, which would involve the construction of a new factory premises, the establishment of several large scale plastic injection production lines, as well as other automatic welding and assembly lines and the installation of industrial robots, is now progressing and is expected to be gradually start operational from the second half of 2017. With respect to the production facilities in Chongqing which had commenced operation for over a year in supplying automotive components to SGMW, Wuling Industrial is currently reviewing the second phase development in line with the expansion plan of SGMW and would 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 progressing satisfactorily and is expected to commence scale operation in the second half of 2017.

Based on the current plan, the production plant in Indonesia will comprise a number of welding, stamping and assembly production lines for manufacturing of the automotive components for the rear suspension, front axle parts of vehicles, with a planned production volume of 100,000 sets/units per annum. 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.

In constructing a new frame of enterprise structure endowed with "Multiple Growth Drivers With Diverse Profit Streams", Wuling Industrial has been actively reviewing the product mix within the automotive components and other industrial services division in formulating suitable operating and development strategies for individual product and business components in this division. As for the car seat products, which scale of operation is relatively small and the products are primarily focused on the commercial vehicles market with insignificant contribution to the Group's revenue and profitability, Wuling Industrial had in July 2017 entered into agreement with the renowned Faurecia Group for the establishment of a joint venture enterprise for pursuing the business of car seat products in China. Wuling Industrial considers the recent development of SGMW in expanding the production of passenger vehicles would provide business opportunities in the car seat products, and therefore looks for suitable business partner for enhancing and upgrading its production knowhow in this area. The co-operation with Faurecia Group, being a global leading manufacturer in the business of automotive parts and components will provide essential technical support to the Wuling Industrial in further promoting its business opportunities in the car seat businesses for the existing customers as well as other new customers.

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 2017 and the years onwards.

Specialized Vehicles

Total revenue (based on external sales) of the specialized vehicles division undertaken by Wuling Industrial for the six months ended 30 June 2017 was RMB1,346,675,000, representing an increase of 12.9% as compared to the corresponding period in last year. Operating profit for the respective period was RMB16,163,000, representing an increase of 2.7%.

During this period, Wuling Industrial sold approximately 29,000 specialized vehicles, representing an increase of 3.6% as compared to the corresponding period in last year. Continuous launches of new models benefited the business performance of the division from which each of the key products of the division, including redecorated vans, non-road vehicles, mini-buses and school buses had experienced different extent of growth despite the highly competitive business environment.

Operating margin maintained at 1.2% 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 transportation and warranty expenses also limited the profitability performance of this division. To enhance the profitability of this division, strategically, Wuling Industrial has continued to work towards the direction of reducing the production of the lower margin redecorated vans and mini-container wagons products so as to reserve more capacity to other more profitable models, such as mini-school buses, sight-seeing cars and electrical vehicles.

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

The capability of the specialized vehicles division in the car assembly industry is originated from the long standing industry experiences of Wuling. In fact, the models designed and developed by the Group are mainly branded as "Wuling", which is itself a benchmark of quality products and services in the market. Wuling Industrial is also a qualified enterprise which possesses the capability for manufacturing new energy electrical minitruck in China. The division aims at playing an important part in the new energy vehicle segment and is actively pursuing various development plans for market expansions and enhancement of research capability. Being the primary focus of development of the division, electrical vehicle product has recently reached a stage of breakthrough. Certain products, including an electrical logistic vehicle have obtained notifications of government approval in 2016. Wuling Industrial planned to adopt the technical knowhow as developed from these electrical vehicles products as the platform to explore and develop a series of electrical specialized vehicles suitable for particular business segments. Meanwhile, the Group had also unremittingly developed new models of passenger mini-buses with improved quality and added features in response to market demands and enhanced regulatory standards. The Group expects the business development of these new models will benefit the profitability performance of the division.

Currently, production facilities of the specialized vehicles division of the Group are situated in Liuzhou and Qingdao with respective annual capacities of approximately 60,000 vehicles and 30,000 vehicles. Taking the advantages of having an existing operation in Chongqing, the Group has recently decided to establish a production plant for the assembly of specialized vehicles in the production facilities in Chongqing with planned annual capacity of approximately 15,000 vehicles, which will not only expand the capacity of the specialized vehicles division, but also facilitate geographical diversification which enables the benefits of quality services and cost effectiveness.

Going forward, the specialized vehicles division will continue to undertake research and development projects for new product, technical and capability improvement with specific focus on the new energy vehicles. Whilst the Group envisages the challenges facing this division, it remains confident in the long term business potential of this business segment.

Performance of Joint Ventures

Liuzhou Lingte Motor Technology Company Limited ("Liuzhou Lingte"), which was owned as to 51% by Wuling Liuji and formed with IAT Automobile Technology Co., Ltd., in November 2013 for purpose of developing the businesses of our owned proprietary V6 cylinder engine products, continued to making progress as planned during the period. Following the successful completion of the research and development of the 3.0L Advanced Model, Liuzhou Lingte had commenced the construction of the infrastructure and the main assembly line for initial production purpose in last year. During the period, small volume orders had been undertaken for trial run purpose. Upon satisfactory results from the trial run orders, Wuling Liuji and Liuzhou Lingte will work together to formulate appropriate marketing plan for launching the product to targeted customers. The successful development of the V6 products by Liuzhou Lingte will significantly enhance our products range and capability in the industry. Due to its initial operation, Liuzhou Lingte operated at a net loss of RMB671,000 for the six months ended 30 June 2017. As at 30 June 2017, the carrying value of the Group's interests in Liuzhou Lingte amounted to RMB87,084,000.

Guangxi Weixiang Machinery Company Limited ("Guangxi Weixiang"), which was owned as to 50% by Wuling Industrial and formed with Guangxi Liugong Machinery Stock Company Limited in August 2013 for developing the businesses of engineering machinery and other industrial vehicles products, continued to face with a tough business environment during the period. Guangxi Weixiang operated at a net loss of RMB4,143,000 for the six months ended 30 June 2017. After a series of impairment in prior years due to the continuous loss making situation, as at 30 June 2017, the carrying value of the Group's interests in Guangxi Weixiang amounted to RMB1,734,000.

With respect to other interests in joint ventures held by the Group, which were engaged in the automotive components businesses, the aggregate net losses for the six months ended 30 June 2017 were RMB556,000, whereas, the aggregate carrying value of the Group's interests amounted to RMB13,808,000 as at 30 June 2017.

On 3 July 2017, Wuling Industrial entered into agreement with the renowned Faurecia Group for the establishment of a joint venture company for pursuing the business of car seat products in China which will be owned as to 50% each by Wuling Industrial and Faurecia Group. As mentioned above, Wuling Industrial considers the recent development of SGMW in expanding the production of passenger vehicles would provide business opportunities in the car seat products, and therefore looks for suitable business partner for enhancing and upgrading its production knowhow in this area. The co-operation with Faurecia Group, being a global leading manufacturer in the business of automotive parts and components will provide essential technical support to the Wuling Industrial in further promoting its business opportunities in the car seat businesses for the existing customers as well as other new customers.

In accordance with the joint venture agreement, Wuling Industrial and Faurecia Group will each contribute cash in the amount of RMB75 million to the newly formed joint venture company.

Meanwhile, pursuant to the joint venture agreement, after the establishment of the joint venture company, Wuling Industrial and the joint venture company shall enter into ancillary agreements in relation to, among other things, the acquisition of the machinery and equipment of Wuling Industrial which are currently used for the production of car seat products located in Liuzhou and Qingdao, the PRC for the purpose of facilitating the business and operation of the joint venture company.

Wuling Industrial and Faurecia Group are now proceeding the necessary procedures for the establishment of the joint venture company.

Financial Review

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Group's turnover for the six months ended 30 June 2017 was RMB8,628,678,000, representing a slight increase of 1.5% as compared to the corresponding period in last year. Growth of businesses in the passenger vehicles segment from the new products of the automotive components and other industrial services divisions continued to benefit the business performance of the Group for the period, despite a slowdown of the businesses in the engines and parts division. Overall, strong market presence and increasing demands to the products of our key customer ensured a relatively stable performance of the Group in the automobile industry in China.

Gross profit for the period under review was RMB861,294,000, representing a slight decrease of 0.5%.Gross margin of the Group declined moderately to 10.0% for the period. Growth of businesses in the passenger vehicles segment from the new products of the automotive components and other industrial services divisions benefited the business performance of the Group for the period. The positive impact from the gross profit margin performance was however impeded by the increases in the prices of raw material during the period. Besides, the relatively low gross margin condition continued to reflect the keen competition environment in the automobile industry in China.

Meanwhile, increases in the staff cost in response to the keen competition in the human resources market and the recruitment of the management and administrative workforce for the newly established plants and facilities and other ongoing projects undertaken by the Group had also offset the positive impact from a reduction in the research and development expenses, which resulted in an increase in the administrative expenses during the period.

Net profit of the Group for the first half of 2017 was RMB138,553,000, representing an increase of approximately 2.9% as compared to the corresponding period in last year. Profits attributable to the owners of the Company was RMB76,103,000, representing an increase of approximately 14.9%.

On 23 May 2017, the Company issued a convertible loan notes of a principal amount of HK$400,000,000 to Wuling HK, our controlling shareholder, as approved by the independent shareholders of the Company at a special general meeting held on 16 December 2016. The convertible loan notes which bear interest at 4% per annum would be eligible to be converted into a total number of 571,428,571 fully paid up shares of the Company at an initial conversion price of HK$0.70 per share.

In connection with the issue of these convertible loan notes and as approved by the independent shareholders of the Company at the abovementioned special general meeting, the Company had also completed the first instalment of capital injection into Wuling Industrial, our non-wholly owned subsidiary, by contributing an additional sum of RMB340,000,000 in cash to Wuling Industrial of which RMB161,126,100 was contributed to the registered capital of Wuling Industrial and RMB178,873,900 was contributed to the capital reserves of Wuling Industrial. Upon completion of this capital injection, the registered capital of Wuling Industrial was increased from RMB1,042,580,646 to RMB1,203,706,746 and the Company's equity interest in Wuling Industrial on an enlarged basis was increased by approximately 6.04% to approximately 60.90%. Completion of the capital injection in Wuling Industrial enabled the Company to have a greater equity share of the business operation of Wuling Industrial, our principal operating arm in the automobile industry, whereas, the issue of the convertible loan notes to Wuling HK demonstrated the long term commitment of the ultimate controlling shareholder, Guangxi Automobile in the Company.

The Company is in the process of considering the financing means for completing the second instalment of capital injection into Wuling Industrial amounting to RMB250,000,000 which will be due on or before 31 December 2017. Upon completion of the second instalment, the Company's equity interest in Wuling Industrial on an enlarged basis will be further increased by approximately 3.51% to approximately 64.41%.

Other income comprised primarily bank interest income, sales of scrap materials and parts, government subsidies and other services income was in aggregate RMB51,086,000 for the six months ended 30 June 2017, representing an increase of 23.6% as compared to the corresponding period in last year due to increases of interest income and government subsidies.

Other gains and losses amounted to RMB9,621,000 in aggregate for the six months ended 30 June 2017, which comprised primarily loss on disposals of certain property, plant and machinery, exchange gain on the convertible loan notes and the impairment loss reversed in respect of trade receivables during the period.

Share of results of joint venture ventures registered a total losses of RMB5,370,000 for the six months ended 30 June 2017 primarily attributable to the net operating losses of Guangxi Weixiang incurred for the period.

Selling and distribution costs of the Group comprised primarily transportation costs, warranty expenses and other marketing expenses were in aggregate RMB177,266,000 for the six months ended 30 June 2017, representing an increase of 5.9% as compared to the corresponding period in last year due to an increase in the transportation costs resulting from the tightening safety requirements as imposed by the government on highway transportation. The increase in transportation cost was however alleviated by the gradual decrease in warranty expenses as benefited from an improvement in production efficiency of the engines and parts division during the period.

General and administrative expenses of the Group comprised primarily salary and allowances, various insurance expenses, rental expenses and other administrative expenses were in aggregate RMB420,654,000 for the six months ended 30 June 2017, representing an increase of 27.6% as compared to the corresponding period in last year. As mentioned above, increases in the staff cost in response to the keen competition in the human resources market and the recruitment of the management and administrative workforce for the newly established plants and facilities and other ongoing projects undertaken by the Group resulted in an increase in the administrative expenses during the period despite the positive impact from a reduction in the research and development expenses.

Research and development expenses for the six months ended 30 June 2017 amounted to RMB89,542,000, representing a decrease of 52.7% 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 2017 amounted to RMB58,438,000, representing an increase of 19.5% as compared to the corresponding period in last year due to an increase in the interest rates during the period and the finance cost of RMB4,993,000 incurred for the abovementioned convertible loan notes issued by the Company. Besides, the balances had also included the finance costs of RMB22,288,000 which were the 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 the most favourable terms offered in the market.

Basic earnings per share for the six months ended 30 June 2017 was RMB4.15 cents, representing an increase of approximately 15.0% as compared to corresponding period in last year, in which the adjustments in relation to the abovementioned convertible loan notes issued by the Company had been accounted for. Earnings per share on fully diluted basis was RMB4.10 cents, representing an increase of approximately 14.8%.

Condensed Consolidated Statement of Financial Position

As at 30 June 2017, total assets and total liabilities of the Group stood at RMB14,187,572,000 and RMB11,959,270,000 respectively.

Non-current assets amounted to RMB3,262,161,000 comprised mainly property, plant and equipment, prepaid lease payments, deposits paid for acquisition of property, plant and equipment and interests in joint ventures, etc.

Current assets amounted to RMB10,925,411,000 comprised mainly inventories of RMB712,010,000, trade and other receivables and bill receivables of RMB8,067,471,000 (inclusive of bills receivables discounted with recourse but not yet matured amounting to RMB2,657,050,000), pledged bank deposits of RMB1,232,965,000 and bank balances and cash of RMB905,518,000. Amount due from SGMW, a related company and a key customer in the engines and automotive components businesses of the Group amounted to RMB3,756,412,000 was recorded as trade and other receivables in the condensed consolidated statement of financial position. These receivables balances were subject to normal commercial settlement terms.

Current liabilities amounted to RMB11,698,696,000, comprised mainly trade and other payables of RMB7,777,351,000, provision for warranty of RMB156,215,000, tax payable of RMB73,584,000, derivative financial instrument in relation to the convertible loan notes issued by the Company of RMB130,786,000, current portion of the convertible loan notes of RMB1,448,000, bank and other borrowings — due within one year of RMB930,378,000 and advances drawn on bills receivables discounted with recourse of RMB2,628,934,000. The corresponding bills receivables discounted with recourse to these advances amounting to RMB2,657,050,000 were recorded as trade and other receivables which would be offset against upon maturity.

The Group recorded net current liabilities of RMB773,285,000 as at 30 June 2017, which had been decreased as compared to the net current liabilities of RMB972,575,000 as at 31 December 2016.

Non-current liabilities amounted to RMB260,574,000 comprised mainly convertible loan notes of RMB219,251,000, deferred income of RMB16,072,000 and deferred tax liability of RMB25,251,000.

Liquidity and Capital Structure

During the six months ended 30 June 2017, the operating and investing activities of the Group were mainly satisfied by the financing activities of the Group through the drawdown of bank borrowings, the bill receivables discounted and the funds raised from the issue of the convertible loan notes as detailed below. The Group considers the application of alternative means of financing, i.e. bank borrowings and bill discounting activities in terms of the respective finance cost consideration.

Besides, to contain finance costs of the Group, Guangxi Automobile provided sources of finance to the Group through bill discounting activities at the most favourable terms offered in the market.

As at 30 June 2017, total bank balances and cash maintained by the Group amounted to RMB905,518,000. Besides, pledged bank deposits amounting to RMB1,232,965,000 were also maintained to secure the banking facilities offered to the Group.

The Group's bank borrowings (other than advances drawn on bill receivables discounted with recourse) amounted to RMB930,378,000 as at 30 June 2017, which were increased substantially since last year to serve as an alternative source of finance due to an increase in the interest rates charged on the bill receivables discount activities during the period. Meanwhile the outstanding advances drawn on bill receivables discounted with resourse as at 30 June 2017 were RMB2,628,934,000 which were also substantially increased during the period. The corresponding bill receivables discounted with recourse to these advances amouting to RMB2,657,050,000 were recorded as trade and other receivables which would be off set against upon maturity. 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.

On 23 May 2017, the Company issued a convertible loan notes of a principal amount of HK$400,000,000 to Wuling HK, our controlling shareholder, as approved by the independent shareholders of the Company at a special general meeting held on 16 December 2016. The convertible loan notes which bear interest at 4% per annum would be eligible to be converted into a total number of 571,428,571 fully paid up shares of the Company at an initial conversion price of HK$0.70 per share. In connection with the issue of these convertible loan notes and as approved by the independent shareholders of the Company at the abovementioned special general meeting, the Company had also completed the first instalment of capital injection into Wuling Industrial, our non-wholly owned subsidiary, by contributing an additional sum of RMB340,000,000 in cash to Wuling Industrial of which RMB161,126,100 was contributed to the registered capital of Wuling Industrial and RMB178,873,900 was contributed to the capital reserves of Wuling Industrial. Upon completion of this capital injection, the registered capital of Wuling Industrial was increased from RMB1,042,580,646 to RMB1,203,706,746 and the Company's equity interest in Wuling Industrial on an enlarged basis was increased by approximately 6.04% to approximately 60.90%. Completion of the capital injection in Wuling Industrial enabled the Company to have a greater equity share of the business operation of Wuling Industrial, our principal operating arm in the automobile industry, whereas, the issue of the convertible loan notes to Wuling HK demonstrated the long term commitment of the ultimate controlling shareholder Guangxi Automobile in the Company.

The Company is in the process of considering the financing means for completing the second instalment of capital injection into Wuling Industrial amounting to RMB250,000,000 which will be due on or before 31 December 2017. Upon completion of the second instalment, the Company's equity interest in Wuling Industrial on an enlarged basis will be further increased by approximately 3.51% to approximately 64.41%.

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 RMB1,229,300,000 as at 30 June 2017. Net asset value per share was approximately RMB66.9 cents as at 30 June 2017.

Pledge of Assets

At 30 June 2017, a property held by the Group in Hong Kong with an aggregate value of RMB4,971,000 was pledged to secure the bank loans granted to Group. Besides, bank deposits amounting to RMB1,232,965,000 and bills receivables discounted with recourse amounting to RMB2,657,050,000 were pledged to the banks mainly to secure certain banking facilities offered to the Group.

Exposure to Fluctuation in Exchange Rates

At 30 June 2017, the Group maintained Hong Kong dollar convertible loan notes comprising both the liability component and the derivative component equivalent to RMB351,485,000, Hong Kong dollar bank loans and other payables equivalent to an aggregate amount of RMB53,425,000 and Hong Kong dollar bank deposits and other receivables equivalent to an aggregate amount of RMB35,513,000. 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 reasonable and would monitor the foreign exchange exposures of the Group as well as the prevailing market condition in arriving at appropriate strategy.

Commitments

At 30 June 2017, 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 RMB350,660,000.

Contingent Liabilities

At 30 June 2017, 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 2017 (Period ended 30 June 2016: 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 2017 (Period ended 30 June 2016: Nil).

CORPORATE GOVERNANCE

The Company recognizes the importance of good corporate governance to the Company's healthy growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the Company's needs. During the period ended 30 June 2017, the Company has applied the code provisions on Corporate Governance Practices Code contained in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange which sets out the principles of good corporate governance and the code provisions.

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 2017.

AUDIT COMMITTEE

The Audit Committee, comprising the three independent non-executive directors, namely Mr. Ye Xiang (the Chairman), Mr. Zuo Duofu and Mr. Wang Yuben, has been established in accordance with Rule 3.21 of the Listing Rules, 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 currently disclosed on the websites of the Company and the Stock Exchange.

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 of the Company for the six months ended 30 June 2017 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 unaudited interim financial information of the Company for the six months ended 30 June 2017 has also been reviewed by the Audit Committee.

HUMAN RESOURCES AND REMUNERATION POLICY

At 30 June 2017, the Group had approximately 12,900 employees, including staff members and workers. Total staff costs for the six months ended 30 June 2017 were approximately RMB436,912,000, representing an increase of approximately 20.8% as compared to the corresponding period in last year. The increases were in response to the keen competition in the human resources market and the recruitment of the management and administrative workforce for the newly established plants and facilities and other ongoing projects undertaken by the Group. 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 on an annual basis.

Besides, the remuneration committee of the Company ("Remuneration Committee"), comprising the three independent non-executive directors, namely Mr. Zuo Duofu (the Chairman), Mr. Ye Xiang and Mr. Wang Yuben, established under the Board, makes recommendations on and give approval to the remuneration policy, structure and remuneration packages of the executive directors and the senior management of the Company. The terms of reference of the Remuneration Committee are currently disclosed on the websites of the Company and the Stock Exchange.

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 bring mutual benefits to both the Group and the employees.

INTERIM REPORT

The interim report for the six months ended 30 June 2017 containing all information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange 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. Yuan Zhijun (Chairman), Mr. Lee Shing (Vice-chairman and Chief Executive Officer), Mr. Zhong Xianhua, Ms. Liu Yaling and Mr. Yang Jianyong as executive directors and Mr. Zuo Duofu, Mr. Ye Xiang and Mr. Wang Yuben as independent non-executive directors.

On behalf of the Board
Yuan Zhijun
Chairman

Hong Kong, 31 August 2017