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 2020

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 2020 together with the comparative figures of the corresponding period in 2019. The interim results are unaudited, but have been reviewed by KPMG 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 will be included in the interim report to be sent to the shareholders of the Company. The interim 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 2020

		Six months ended 30 June	
		2020	2019
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3*		
Goods and services		**5,698,960**	6,141,102
Rental		**9,820**	4,739
Total revenue		**5,708,780**	6,145,841
Cost of sales and services		**(5,458,789)**	(5,623,561)
Gross profit		**249,991**	522,280
Other income		**79,477**	57,465
Other gains and losses	*4*	**(39,936)**	(7,639)
Selling and distribution costs		**(74,836)**	(64,961)
General and administrative expenses		**(256,800)**	(400,031)
Research and development expenses		**(102,796)**	(30,704)
Impairment losses under expected credit loss model, net of reversal		**(15,962)**	–
Share of results of associates		**(11,038)**	(6,976)
Share of results of joint ventures		**(7,836)**	194
Finance costs		**(118,684)**	(58,190)
(Loss) profit before taxation		**(298,420)**	11,438
Income tax credit	*5*	**4,395**	1,012
(Loss) profit for the period	*6*	**(294,025)**	12,450

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ***(Continued)***
For the six months ended 30 June 2020

		Six months ended 30 June	
	NOTES	**2020**	2019
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Other comprehensive income (expense):			
Items that will not be reclassified to profit or loss			
Revaluation surplus resulting from the change from property, plant and equipment and right-of-use assets to investment properties, net of tax		**1,096**	12,574
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising from translation of foreign operations		**(1,930)**	(5,570)
Fair value gain on bills receivables at fair value through other comprehensive income		**3,897**	17,681
Other comprehensive income for the period		**3,063**	24,685
Total comprehensive (expense) income for the period		**(290,962)**	37,135
(Loss) profit for the period attributable to:			
Owners of the Company		**(198,697)**	(3,043)
Non-controlling interests		**(95,328)**	15,493
		(294,025)	12,450
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(197,587)**	9,813
Non-controlling interests		**(93,375)**	27,322
		(290,962)	37,135
Loss per share	*8*		
— Basic		**RMB7.50 cents**	RMB0.15 cents
— Diluted		**RMB7.50 cents**	RMB0.15 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	NOTES	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**3,384,591**	3,380,575
Right-of-use assets	10	**320,360**	327,361
Investment properties	9	**291,609**	287,575
Interests in associates		**269,684**	280,722
Interests in joint ventures		**152,480**	160,316
Deposits paid for acquisition of property, plant and equipment		–	640
Equity instrument at fair value through other comprehensive income		**2,048**	2,048
		4,420,772	4,439,237
CURRENT ASSETS			
Inventories		**2,036,954**	1,668,735
Trade and other receivables	11	**2,996,901**	4,035,821
Bills receivables at fair value through other comprehensive income	12	**4,307,282**	4,011,138
Financial assets at fair value through profit or loss		**20,108**	21,195
Prepaid tax		**8,215**	–
Pledged bank deposits		**1,261,146**	678,374
Bank balances and cash		**2,111,497**	838,056
		12,742,103	11,253,319
CURRENT LIABILITIES			
Trade and other payables	13	**7,916,280**	7,496,721
Contract liabilities		**275,046**	466,341
Lease liabilities	10	**37,122**	38,317
Provision for warranty		**72,853**	77,530
Tax payable		**–**	56,662
Bank and other borrowings	14	**3,312,147**	955,527
Advances drawn on bills receivable discounted with recourse	14	**3,261,445**	3,250,263
Convertible loan notes		–	214,050
Financial liability at fair value through profit or loss		**1,461**	2,384
		14,876,354	12,557,795
NET CURRENT LIABILITIES		**(2,134,251)**	(1,304,476)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,286,521**	3,134,761

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ***(Continued)***
At 30 June 2020

	NOTE	**30 June 2020** *RMB'000* **(Unaudited)**	31 December 2019 *RMB'000* (Audited)
NON-CURRENT LIABILITIES			
Contract liabilities		**11,672**	12,406
Lease liabilities	*10*	**28,080**	18,748
Amount due to an associate		**50,000**	50,000
Bank and other borrowings	*14*	**567**	720,000
Deferred tax liabilities		**18,613**	28,284
		108,932	829,438
		2,177,589	2,305,323
CAPITAL AND RESERVES			
Share capital	*15*	**11,043**	7,366
Reserves		**1,272,950**	1,303,238
Equity attributable to owners of the Company		**1,283,993**	1,310,604
Non-controlling interests		**893,596**	994,719
		2,177,589	2,305,323

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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 (the "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 "Listing Rules").

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 Company and its subsidiaries (collectively referred as the "Group") in light of the Group's current liabilities exceeded its current assets by approximately RMB2,134 million (31 December 2019: RMB1,304 million) as at 30 June 2020. The directors of the Company are of the opinion that, after due and careful enquiry taking into account the issuance of further bills payables by banks of RMB1,733 million up to the date of this interim results announcement, together with facilities provided from Guangxi Automobile and the financial resources available to the Group, including internally generated funds, the available banking facilities for issuance of bills payables and bank borrowings and assets available to pledge for obtaining further banking facilities, the Group has, in the absence of unforeseeable circumstances, sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future.

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. CHANGE IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3, *Definition of a Business*
- Amendments to HKAS 1 and HKAS 8, *Definition of Material*
- Amendments to HKFRS 16, *Covid-19-Related Rent Concessions*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim results announcement. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period except for the amendment to HKFRS 16, *Covid-19-Related Rent Concessions*, which provides a practical expedient that allows lessees not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue

	Notes	For the six months ended 30 June **2020** *RMB'000* **(Unaudited)**	2019 *RMB'000* (Unaudited)
Type of goods and services			
— Sales of engines and related parts	*(a)*	**1,202,335**	794,732
— Sales of automotive components and accessories	*(b)*	**1,915,900**	2,662,231
— Sales of specialized vehicles	*(c)*	**2,333,941**	2,330,225
Trading of steels	*(b)*	**182,033**	263,912
Provision of water and power supply	*(b)*	**64,751**	90,002
Revenue from contracts with customers		**5,698,960**	6,141,102
Revenue from gross rental income		**9,820**	4,739
		5,708,780	6,145,841
Timing of revenue recognition			
At point in time		**5,634,209**	6,051,100
Over time		**74,571**	90,002
Total		**5,708,780**	6,141,102
Geographical markets			
The PRC (excluding Hong Kong)		**5,680,693**	6,114,742
Others		**28,087**	26,360
		5,708,780	6,141,102

Notes:

(a) These revenue has been classified as revenue under engines and related parts segment in the segment information.

(b) These revenue has been classified as revenue under automotive components and other industrial services segment in the segment information.

(c) These revenue has been classified as revenue under specialized vehicles segment in the segment information.

Information reported to the executive 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. 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 steels, 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 and 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 2020 (unaudited)						
REVENUE						
Revenue from external customers	**1,202,335**	**2,162,684**	**2,333,941**	**9,820**	**–**	**5,708,780**
Inter-segment revenue	**1,752**	**5,680**	**3,398**	**–**	**(10,830)**	**–**
Total	**1,204,087**	**2,168,364**	**2,337,339**	**9,820**	**(10,830)**	**5,708,780**
Segment (loss) profit	**(46,920)**	**(142,771)**	**14,696**	**4,752**		**(170,243)**
Bank interest income						**30,374**
Change in fair value of financial assets/liabilities at fair value through profit or loss						**(20,164)**
Net exchange gain						**21,118**
Decrease in fair value of investment properties						**(2,620)**
Central administrative costs						**(19,327)**
Share of results of associates						**(11,038)**
Share of results of joint ventures						**(7,836)**
Finance costs						**(118,684)**
Loss before taxation						**(298,420)**

	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 2019 (unaudited)						
REVENUE						
Revenue from external customers	794,732	3,016,145	2,330,225	4,739	–	6,145,841
Inter-segment revenue	6,136	3,242	–	–	(9,378)	–
Total	800,868	3,019,387	2,330,225	4,739	(9,378)	6,145,841
Segment profit	20,732	26,712	29,278	2,923		79,645
Bank interest income						16,612
Change in fair value of derivative financial instrument						(1,938)
Change in fair value of financial liability at fair value through profit or loss						(2,634)
Central administrative costs						(15,275)
Share of results of associates						(6,976)
Share of results of joint ventures						194
Finance costs						(58,190)
Profit before taxation						11,438

4. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Impairment loss of property, plant and equipment	**(35,000)**	–
Decrease in fair value of investment properties	**(2,620)**	–
Fair value change of financial assets/liabilities at fair value through profit or loss	**(20,164)**	(2,634)
Net exchange gain	**21,118**	2,462
Loss on disposal of property, plant and equipment	**(2,111)**	(5,529)
Fair value change of derivative financial instrument	–	(1,938)
Others	**(1,159)**	–
Other gains and losses	**(39,936)**	(7,639)

5. INCOME TAX CREDIT

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Tax charge (credit) represents:		
PRC Enterprise Income Tax ("EIT")		
Current tax	**5,469**	5,252
Withholding tax on dividend distribution	**–**	1,967
Overprovision in prior years	**–**	(6,879)
	5,469	340
Deferred tax		
Withholding tax on dividend declaration	**471**	–
Others	**(10,335)**	(1,352)
	(4,395)	(1,012)

6. (LOSS) PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss) profit for the period has been arrived at after charging (crediting) the following items:		
Directors' emoluments	**955**	973
Other staff costs	**318,550**	416,818
Contribution to retirement benefit schemes, excluding directors	**16,002**	30,183
Total staff costs	**335,507**	447,974
Less: Staff costs (capitalized in inventories)	**(172,450)**	(209,525)
Total staff costs (included in selling and distribution costs and general and administrative expenses)	**163,057**	238,449
Gross property rental income from investment properties	**(9,820)**	(4,739)
Cost of inventories recognized as expenses	**5,458,789**	5,623,561
Depreciation of property, plant and equipment	**160,016**	155,452
Depreciation of right-of-use assets	**26,413**	27,729
Total depreciation	**186,429**	183,181
Less: Amounts capitalized in inventories	**(144,146)**	(120,831)
Total depreciation of property, plant and equipment, right-of-use assets (including in selling and distribution costs, general and administrative expenses and research and development expenses)	**42,283**	62,350
Bank interest income	**(30,374)**	(16,612)

7. DIVIDEND

During the current interim period, a final dividend of HK$0.3 cents per share in respect of the year ended 31 December 2019 (six months ended 30 June 2019: HK$0.5 cents per share in respect of the year ended 31 December 2018) was declared to the owners of the Company. The aggregate amount of the final dividend declared during the current interim period amounted to HK$9,225,000 (or equivalent to RMB8,410,000) (six months ended 30 June 2019: HK$10,251,000 or equivalent to RMB9,005,000) and has been paid on 7 August 2020.

The directors of the Company have determined that no dividend will be paid in respect of the current interim period (six months ended 30 June 2019: Nil).

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of RMB198,697,000 (six months ended 30 June 2019: RMB3,043,000) and the weighted average number of 2,650,416,000 ordinary shares (six months ended 30 June 2019: 2,050,108,000 ordinary shares) in issue during the interim period, calculated as follow:

Weighted average number of ordinary shares

	For the six months ended 30 June	
	2020	2019
	'000	*'000*
	(Unaudited)	(Unaudited)
Issued ordinary shares at 1 January	**2,050,108**	2,050,108
Effect of Rights Issue *(Note 15)*	**600,308**	–
Weighted average number of ordinary shares at 30 June	**2,650,416**	2,050,108

(b) Diluted loss per share

There were no dilutive potential ordinary shares during each of the six months ended 30 June 2020 and 2019, and therefore, diluted loss per share is the same as the basic loss per share.

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

Investment properties

During the current interim period, certain property, plant and equipment and right-of-use assets have been transferred to investment properties because their use have changed as evidenced by end of owner-occupation, a difference between the carrying amount of RMB5,168,000 (included RMB4,382,000 presented under right-of-use assets upon the application of HKFRS 16) and the fair value of RMB6,457,000 at the date of transfer of RMB1,289,000 (six months ended 30 June 2019: RMB14,793,000), less deferred tax impact of RMB193,000 (six months ended 30 June 2019: RMB2,219,000) has been recognized in other comprehensive income and accumulated in property revaluation reserve.

The valuations of investment properties carried at fair value were updated at 30 June 2020 by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the December 2019 valuations.

As a result of the update, a net loss of RMB2,620,000 (six months ended 30 June 2019: RMB0) has been recognised in profit or loss for the period in respect of investment properties.

Property, plant and equipment

During the current interim period, additions to the Group's property, plant and equipment amounted to RMB231,627,000 (six months ended 30 June 2019: RMB184,104,000). In addition, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of RMB45,293,000 (six months ended 30 June 2019: RMB83,668,000) for a cash proceeds of RMB43,182,000 (six months ended 30 June 2019: RMB78,139,000), resulting in a loss on disposal of RMB2,111,000 (six months ended 30 June 2019: gain on disposal of RMB5,529,000). Furthermore, an impairment loss of RMB35,000,000 was made against the property, plant and equipment of the Group's automotive components and other industrial services division.

10. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

During the current interim period, the Group entered into a new lease agreement for the use of leasehold lands, office, production facilities and warehouse properties for 2 to 5 years. The Group is required to make fixed payments. The Group recognized new right-of-use assets of RMB26,876,000 and the corresponding lease liabilities of RMB26,876,000 during the current interim period.

At 30 June 2020, the Group's carrying amounts of right-of-use assets are RMB320,360,000 and lease liabilities under current liabilities and non-current liabilities are RMB37,122,000 and RMB28,080,000, respectively.

11. TRADE AND OTHER RECEIVABLES

	notes	At 30 June 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
Trade receivables			
— SAIC-GM-Wuling Automobile Co., Limited ("SGMW")	*(a)*	**1,856,157**	2,253,891
— Guangxi Automobile Group	*(b)*	**39,262**	47,914
— Liuzhou AAM Automotive Transmission System Co., Ltd. ("AAMJV")	*(c)*	**7**	574
— Guangxi Weixiang Machinery Company Limited ("Guangxi Weixiang")	*(c)*	**9**	547
— Faurecia (Liuzhou) Automobile Seating Co., Limited ("FL Seating")	*(d)*	**12,882**	2,556
— Faurecia (Liuzhou) Automobile Interior System Co., Limited ("FL Interior")	*(d)*	**8,626**	13,609
— Faurecia (Liuzhou) Emission Control Technologies Co., Limited ("FL Emissions")	*(d)*	**51,578**	33,562
— Third parties		**706,511**	975,625
		2,675,032	3,328,278
Less: Allowance for credit losses		**(80,389)**	(64,427)
		2,594,643	3,263,851
Other receivables:			
Prepayments	*(e)*	**209,103**	585,057
Value-added tax recoverable		**129,165**	158,598
Others		**65,793**	30,118
		404,061	773,773
Less: Allowance for credit losses		**(1,803)**	(1,803)
		402,258	771,970
Total trade and other receivables		**2,996,901**	4,035,821

notes:

(a) Guangxi Automobile has significant influence over SGMW.

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

(c) Guangxi Weixiang and AAMJV are joint ventures of the Group.

(d) FL Seating, FL Interior and FL Emissions are associates of the Group.

(e) Included in the balance was an amount of RMB0 (31 December 2019: RMB37,050,000) paid to SGMW.

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

Included in trade and other receivables are trade receivables of RMB2,594,643,000 (31 December 2019: RMB3,263,851,000) and an ageing analysis of trade receivables (net of allowance for credit losses), based on the invoice date, is as follows:

	At 30 June 2020	At 31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 90 days	**2,498,509**	3,159,976
91 to 180 days	**64,410**	37,783
181 to 365 days	**15,193**	27,370
Over 365 days	**16,531**	38,722
	2,594,643	3,263,851

12. BILLS RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 30 June 2020	At 31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Bills receivables *(note i)*:		
— SGMW	**488,570**	241,789
— Guangxi Automobile Group	**1,000**	108
— AAMJV	**600**	–
— Third parties	**579,970**	539,165
	1,070,140	781,062
Bills receivables discounted with recourse *(note ii)*	**3,237,142**	3,230,076
	4,307,282	4,011,138

notes:

(i) Bills receivables represent bills received from customers to settle the trade receivables. The ageing analysis based on the invoice date is as follows:

	At 30 June 2020	At 31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0–90 days	**1,034,388**	634,127
91–180 days	**33,254**	138,826
181–365 days	**2,498**	8,109
	1,070,140	781,062

(ii) The amounts represent bills receivables discounted to banks and Guangxi Automobile with recourse with a maturity period of less than 365 days. The Group recognizes the full amount of the discount proceeds as liabilities as set out in note 14.

The ageing analysis based on the invoice date is presented as follows:

	At 30 June 2020 *RMB'000* (Unaudited)	At 31 December 2019 *RMB'000* (Audited)
0–90 days	**1,374,029**	1,527,065
91–180 days	**1,862,914**	1,700,543
181–365 days	**199**	2,468
	3,237,142	3,230,076

13. TRADE AND OTHER PAYABLES

	notes	At 30 June 2020 *RMB'000* (Unaudited)	At 31 December 2019 *RMB'000* (Audited)
Trade and bills payables:	*(a)*		
— SGMW		**662,400**	841,627
— Guangxi Automobile Group		**48,865**	46,077
— FL Seating		**42,851**	118,878
— FL Interior		**32,279**	42,864
— FL Emissions		**69,660**	14,141
— Other related companies		**8,277**	29
— Third parties		**6,215,500**	5,646,425
		7,079,832	6,710,041
Value added and other tax payables		**124,678**	231,300
Accrued research and development expenses		**117,694**	143,725
Accrued staff costs		**174,617**	209,087
Bidding deposits		**44,717**	50,568
Other payables	*(b)*	**374,742**	152,000
Total trade and other payables		**7,916,280**	7,496,721

(a) An ageing analysis of trade and bills payables, based on the invoice date, is as follows:

Trade payables

	At 30 June 2020 *RMB'000* **(Unaudited)**	At 31 December 2019 *RMB'000* (Audited)
0 to 90 days	**2,997,177**	3,133,208
91 to 180 days	**136,502**	327,970
181 to 365 days	**130,288**	235,622
Over 365 days	**117,120**	209,899
	3,381,087	3,906,699

Bills payables

	At 30 June 2020 *RMB'000* **(Unaudited)**	At 31 December 2019 *RMB'000* (Audited)
0 to 90 days	**2,356,590**	1,920,813
91 to 180 days	**1,342,155**	882,529
	3,698,745	2,803,342

(b) Included in other payables are amount due to Guangxi Automobile Group of RMB31,722,000 (31 December 2019: RMB18,641,000). The amount is non-trade nature, unsecured, interest-free and repayable on demand.

14. BANK AND OTHER BORROWINGS/ADVANCES DRAWN ON BILLS RECEIVABLES DISCOUNTED WITH RECOURSE

	Notes	**At 30 June 2020** ***RMB'000*** **(Unaudited)**	At 31 December 2019 *RMB'000* (Audited)
Bank borrowings		**3,124,630**	1,040,527
Other borrowings	*(i)*	**188,084**	635,000
		3,312,714	1,675,527
Analysis of bank and other borrowings:			
Secured		**650**	677
Unsecured		**3,312,064**	1,674,850
		3,312,714	1,675,527
The carrying amounts of the above borrowings are repayable:	*(ii)*		
— Within one year or on demand		**3,312,147**	954,930
— After one year but within two years		**87**	40,083
— After two years but within five years		**279**	620,268
— After five years		**201**	60,246
		3,312,714	1,675,527
Less: Amounts due within one year shown under current liabilities		**(3,312,147)**	(955,527)
Amounts shown under non-current liabilities		**567**	720,000
Advances drawn on bills receivables discounted with recourse	*(iii)*	**3,261,445**	3,250,263

Notes:

(i) The balance includes borrowings from Guangxi Automobile of RMB133 million and borrowings from Wuling HK of RMB55 million.

(ii) The amounts due are based on scheduled repayment dates set out in the loan agreements or maturity date of discounted bills receivable issued by inter-group companies.

(iii) The amounts represents the Group's other borrowings secured by bills receivables discounted to banks or Guangxi Automobile with recourse (see note 12(ii)). The balance includes RMB620 million discounted to Guangxi Automobile with recourse.

(iv) 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 2020	At 31 December 2019
Effective interest rate (per annum):		
Fixed-rate borrowings	**1.60%-4.30%**	2.76%-4.35%
Variable-rate borrowings	**3.58%-4.55%**	3.00%-4.90%

15. SHARE CAPITAL

Authorized:	**Number of shares**	**Amount** *HK$'000*
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 2019 (audited), 30 June 2019 (unaudited), 31 December 2019 (audited) and 30 June 2020 (unaudited)		101,521
Issued and fully paid:		
Ordinary shares of HK$0.004 each:		
As at 1 January 2019 (audited), 30 June 2019 (unaudited), 31 December 2019 (audited)	2,050,107,555	8,200
Issue of new ordinary shares by Rights Issue (as defined and detailed in note below)	1,025,053,777	4,101
As at 30 June 2020 (unaudited)	3,075,161,332	12,301

	RMB'000 (Unaudited)	*RMB'000* (Audited)
Shown in the condensed consolidated financial statements at the end of the reporting period	11,043	7,366

Note:

The Group raised a total of approximately HK$205.01 million, before expenses, on the basis of one (1) rights share ("Rights Share(s)") for every two (2) ordinary shares of the Company ("Share(s)") held on 21 February 2020 (i.e. the record date) by issuing 1,025,053,777 Rights Shares at the subscription price of HK$0.20 per Rights Share to the qualified shareholders of the Company (the "Rights Issue"). The number of Shares increased to 3,075,161,332 after the Rights Issue.

16. IMPACTS OF COVID-19 PANDEMIC

The COVID-19 pandemic since early 2020 has brought about additional uncertainties in the Group's operating environment and has impacted the Group's operations and financial position.

As far as the Group's businesses are concerned, the COVID-19 pandemic has adversely impacted the Group's financial results in the first half of 2020, including areas such as sales, certain customers' payment schedules and turnover of inventory. For the six months ended 30 June 2020, resulting from the unprecedented adverse situation, in which the automotive component and other industrial services division was in particular adversely affected, total revenue of the Group was RMB2,162,684,000, representing a decrease of 28% as compared to the corresponding period in 2019.

The Group has been closely monitoring the impact of the developments on the Group's business and has put in place contingency measures. These contingency measures include: implementation of additional health and safety policies and procedures and building in certain emergency plans of the Group's production in the PRC and Indonesia to ensure our capability to withstand the happenings of any unexpected public health issues.

The Group has also carried out necessary steps for the purpose of lessening such negative impacts on its operation and business, including re-engineering of its product structure; increasing production efficiency and controlling costs; constructing a network of advance and highly automated production facilities; enhancing of the efficiency and effectiveness in operation and management decision making processes through implementation of the lean management system.

MESSAGES FROM THE BOARD OF DIRECTORS

Results and Performances

We hereby 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 2020.

The first half of 2020 was unprecedented and devastated to the world. The heartbreaking and hazardous condition caused by the global outbreak of the coronavirus (COVID-19) took people's precious lives and harmfully affected the normal daily lives and economic activities of the society to a worrying extent. The associated mandatory measures of quarantine and lockdown for fighting against the spreading of COVID-19 led to a considerable period of stagnation, especially in the first quarter of 2020, and gave rise to a general pessimistic sentiment in the market which had overwhelmingly affected the business performance of the enterprises during the period. Nevertheless, the pliable and valuable experiences amassed by the Group from both favourable and adverse conditions in the automobile industry continued to guide us forward and bestow upon our people the conscientious and hardheaded attitude in addressing these short term adversities and in diligently pursuing the long term corporate goals of the Group under this unprecedented tough and distressing business environment.

Adhering to our corporate principles of "Entrepreneurship and Persistence", we have been dedicated to taking our management measures to swiftly implementing the essential health and safety policies and procedures to facilitate the resumption of the Group's production in the PRC under an appropriate working environment for our staff and workers. Owing to this, despite the tough business environment in the first half of 2020, the Group's production in the PRC was able to gradually resume normal operation from April 2020. For the six months ended 30 June 2020, resulting from the unprecedented adverse situation, in which our automotive component and other industrial services division was in particular adversely affected, total revenue of the Group was RMB5,708,780,000, representing a decrease of 7.1% as compared to the corresponding period in 2019. As a positive note, revenue from the engines and parts division indicated some improvement, whereas, revenue from the specialized vehicles division remained solid during the period.

Gross profit for the period under review was RMB249,991,000, representing a significant decrease of 52.1% as compared to the corresponding period in 2019. The significant decline in the Group's revenue in the automotive components and other industrial services division and the additional costs incurred in the adoption and implementation of the requisite health and safety measures and procedures in the production facilities of the Group resulted in a significant decrease in the gross profit margin to 4.4% as compared to the 8.5% as recorded in corresponding period in 2019.

The adverse impact from the decline in profit margin was further aggravated by a substantial increase in the research and development expenses of the Group due to continuous launches of new products and the implementation of certain technological upgrade and enhancement projects by the Group during the period and the impairment losses made against certain long overdue receivable balances and the carrying value of the property, plant and equipment of the automotive components and other industrial services division of RMB15,962,000 and RMB35,000,000 respectively. Besides, increases in borrowings and bill discounting activities by the Group during the period had also resulted in a significant increase in the finance cost. Hence, for the first half of 2020, the Group reported a net loss of RMB294,025,000 as compared to the net profit of RMB12,450,000 for the corresponding period in 2019, whereas, the loss attributable to the owners of the Company substantially increased to RMB198,697,000 for the first half of 2020, as compared to the loss attributable to the owners of the Company of RMB3,043,000 for the corresponding period in 2019.

Opportunities and Challenges

Aside from the distressing public health issues happened globally that were out of the control of the Group, the economic environment in the PRC confronted with series of tough challenges arising from both internal and external in recent years. Indeed, after a relatively prolonged period of fast and extensive growth in different segments in the economy, when the economy entered the stage of stable development, it was inevitable that enterprises would face intensifying competition and new challenges in their respective industries.

Affected by the stagnant business activities and the pessimistic sentiment arising from unprecedented COVID-19, automobile industry in the PRC experienced a drastic decline in sale volume during the six months period ended 30 June 2020. Total number of motor vehicles sold in the PRC tumbled significantly by 16.9% and amounted to approximately 10.26 million vehicles.

Notwithstanding this extremely tough market environment, during the period under review, in cooperation with customers and business partners, research and development programmes for new products were unremittingly implemented aiming at taking the advantages of a solid recovery of the business environment in the second half of this year. We have confidence some of which would be beneficial to the business growth and performance of the Group in the years ahead. In addition, requisite enhancement and upgrading projects were continued 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.

In view of the general slowdown in the growth of the passenger vehicle segment following consecutive years of impressive expansion, to maintain the growth of business volume, as mentioned in our previous annual reports, the Group had proactively adjusted our marketing strategy in expanding our car assembly business, i.e. the specialized vehicles division. In response to the solid market demand of our products which themselves having long and established standing in their respective niche market, the Group actively promoted different types of existing and new models through various marketing campaigns. Despite the negative impact from the COVID-19, total sales volume of specialized vehicles in the first half of 2020 maintained at approximately 52,600 vehicles as compared to the 60,900 vehicles sold in the corresponding period in 2019, while sales of redecorated vehicles (for goods and for passengers) continued to be the main contributor and delivered a sale volume of approximately 51,400 vehicles as compared to the 58,800 vehicles sold in the corresponding period in 2019.

Due to the support from the national policies regarding environmental protection and new energy, new energy vehicles continued to receive promising market response and attention. The Group has been allocating resources to develop environmental transportation in compliance with the national policies. Over more than a decade of exploration and experience, the Group has attained key technologies in the development of new energy vehicles, including technologies involved in electric motors, vehicle control and vehicle integration. Electric logistic vehicles, electric sightseeing vehicles and other electric vehicles developed directly or indirectly by the Group were successively approved by the government for production and launched into the market. During the period under review, a total of approximately 1,900 electric vehicles, comprising electric logistics vehicles and electric sightseeing vehicles were sold in the first half of 2020 as compared to approximately 1,100 vehicles sold in the corresponding period in 2019. Meanwhile, the Group had also initiated various projects associated with the new energy vehicles such as, the electric motor and control appliances, hybrid solutions as well as the auto pilot projects for logistic and recreational purposes, in order to capture the business potential of the forthcoming generation of new energy.

The Group, through its principal subsidiary, Liuzhou Wuling Motors Industrial Company Limited ("Wuling Industrial") has actively explored potential collaboration with various manufacturing powerhouses at home and abroad for its automotive component business with a view to improving its manufacturing capacity with advanced technologies imported from the international market. The three joint venture enterprises established with the renowned Faurecia Group, namely Faurecia (Liuzhou) Automotive Seating Co., Ltd ("FL Seating") (for pursuing the car seat products), Faurecia (Liuzhou) Automotive Interior System Co., Limited ("FL Interior") (for pursuing the automotive interior parts and accessories products) and Faurecia (Liuzhou) Emission Control Technologies Co., Limited ("FL Emission") (for pursuing the automotive emissions control system products) had all resumed normal operations in the second quarter of 2020. However, as affected by the serious extent of suspension and disruption in operations caused by the COVID-19, operating losses were recorded for all of these joint venture enterprises during the six months ended 30 June 2020.

Meanwhile, the joint venture enterprise formed with American Axle & Manufacturing, Inc. (美國車橋製造國際有限公司), namely Liuzhou AAM Automotive Transmission System Co., Ltd. (柳州美橋汽車傳動系統有限公司) ("AAMJV") for pursuing the manufacturing business of vehicle axles products for the medium-end and high-end passenger vehicles, had also started operation in the second half of 2019. Same as the Group and other joint venture enterprise, AAMJV, which occupies the highly-automated "Smart Factory" under the third phase development of the Liudong Facilities experienced certain extent of suspension and disruption in operations caused by the COVID-19 and resulted in operating loss during the six months ended 30 June 2020.

Nevertheless, the Group believes that cooperation with leading international enterprises will enable faster improvement in processing techniques of the Group's various components. By virtue of our practical and local experience in operations and product upgrade plans of our existing customers, the Group will achieve complementary results with respect to exploring medium-end and high-end products of new customers. The management anticipates that the above joint ventures will, in terms of automotive components, operate as enterprises with leading technologies and competitive edges in southwestern the PRC.

The Group remains confident the collaborations aiming at extensively integrated market resources and technical capabilities of both parties to facilitate the transformation and upgrade of the Group's related products to the existing and potential customers would eventually benefit the operations and business performance of the Group.

On 2 January 2020, the Company announced a rights issue exercise for the raising of a total of approximately HK$205.01 million, before expenses, by way of the issue of new shares of the Company ("Share(s)") on the basis of one (1) rights share for every two (2) shares held on 21 February 2020 (i.e., the record date) at the subscription price of HK$0.20 per rights share (the "Rights Issue"). In the Rights Issue, Wuling (Hong Kong) Holdings Limited and Dragon Hill Development Limited, respectively controlling and substantial shareholder of the Company, had irrevocably and unconditionally undertaken to, among other things, apply for and pay for the certain number of rights shares of the Company as provisionally allotted to them, whereas, the rights shares not taken up by the shareholders of the Company were fully underwritten by the underwriter, Zhongtai International Securities Limited and/or other sub-underwriters to the Rights Issue. According to the right issue exercise, the net proceeds of the Rights Issue which amounted to approximately HK$200.01 million will be fully used as a partial repayment of all of the outstanding amount of the convertible loan notes of the Company (the "Convertible Loan Notes") in the amount of approximately HK$260.00 million (including both outstanding principal and related interests) upon its maturity on 23 May 2020.

The Rights Issue subsequently became unconditional on 10 March 2020 and was completed on 16 March 2020 where a total number of 1,025,053,777 new Shares were allotted and issued accordingly. Further details of the Rights Issue are available in the Company's announcements dated 2 January, 2020, 29 January 2020 and 16 March 2020 and the Company's prospectus dated 24 February 2020.

On 23 May 2020, the Convertible Loan Notes were fully redeemed by the Company.

As disclosed in this interim results announcement, as at 30 June 2020, the Group's unaudited net assets amounted to RMB2,177,589,000 which was decreased as compared to the Group's audited net assets of RMB2,305,323,000 as recorded at 31 December 2019. Meanwhile, unaudited net assets attributable to the owners of the Company amounted to RMB1,283,993,000 as at 30 June 2020, indicating a decrease comparing to the audited comparative figures of RMB1,310,604,000 as recorded at 31 December 2019. The decrease in the Group's net assets and the net assets attributable to the owners of the Company were primarily attributable to the losses recorded by the Group and offset by the issue of new Shares under the Rights Issue as mentioned above.

Resulting from the shift of the long term bank and other borrowings to short term bank borrowings for containing finance costs, as at 30 June 2020, the Group's unaudited net current liabilities amounted to RMB2,134,251,000, representing a substantial increase of approximately 63.6% as compared to the Group's audited net current liabilities of RMB1,304,476,000 as recorded at 31 December 2019.

Meanwhile, in line with the increases in the borrowing and bills discounting activities by the Group, the cash at bank balances (together with the pledged bank deposits) were substantially increased by 122.4% to RMB3,372,643,000. The Group had strategically managed to strengthen the liquidity position with the optimistic view of a solid economic recovery in the second half of 2020.

Facing the unfavourable business environment, the Group has been cautiously implementing its strategic and business plans such that the financial position in terms of the net assets of the Group and attributable to the owners of the Company, the amount of net current liabilities and the cash positions of the Group would be sustained in a financial healthy position. The Directors consider the current financial position of the Group will enable it to withstand the risks and challenges under the current unfavourable market environment. Nevertheless, the Group will continue to closely monitor the financial position of the Group, as well as the business environment and the financial market from time to time in order to arrive at an appropriate financial strategy for the Group.

When implementing long term business strategies, the Group has been closely monitoring the changing business and public health environment, and where necessary, applying practical short term measures to deal with the spontaneous disturbances. Besides, the Group has never underestimated the risks associated with excessive capacities, non-performing investments 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 tough and challenging environment.

Notwithstanding the unfavourable market conditions and challenges in recent years and the prevailing tough business environment associated with the enduring COVID-19, the Group remains confident in the long term growth potential of the automobile industry in the PRC and recognizes in business, challenges and opportunities are indistinguishable to each other. An effective business model can convert 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 its product structure in response to the market needs and for the purpose of securing continued growth of the automobile manufacturing business. On one hand, the Group will continue to pursue steady growth in the business of engines, automotive parts and components for the passenger vehicles segment under the automotive components and other industrial services division; on the other hand, as mentioned above, the Group has expanded its car assembly business, i.e. the specialized vehicles division, and it has been actively engaged in the development and sales of new energy vehicles;

b. Identifying opportunities for the purpose of optimizing positioning and scale operation of the production facilities of the Group's principal products in different geographical locations for both local and overseas, and streamlining and restructuring the operation of the Group's various key business segments, including the collaborations with the joint venture and business partners, for the purpose of increasing production efficiency and controlling costs;

c. Aiming at the construction of a network of advance and highly automated production facilities located in different regions across the PRC, to establish 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 the PRC to be highly competitive and challenging in this year and the years ahead. Pessimistic sentiment arising from the slowdown of the global and regional economy coupled with the unstable global economic prospect attributable to the erratic upheavals of international conflicts and the global outbreak of the COVID-19 since early 2020 would continue to exert negative effect on the automobile industry and the overall business environment. Meanwhile, keen competitive business environment will force the automobile enterprises in formulating appropriate business and market strategies responding to the dynamic market situation and unconventional risky business exposures.

When the going gets tough, the tough gets going. Being one of the world largest automobile market and the entering into the milestone stage of a "Moderately Prosperous Society", the Group is full of confidence in the future development of the PRC 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 PRC economy will continue to grow steadily. Rising household income and the increasing awareness of the general public towards environmental and community issues attributable to the sustainability of the economy and the society will necessarily encourage demands for motor vehicles, as a salient means of transport and an important part of lifestyle and provide promising business opportunities to the Group.

Last but not the least, the Group is also aware of the global outbreak of the COVID-19 and the associated negative impacts on the operation and business of the Group. Given the high uncertainties relating to the COVID-19 at the moment, it remains difficult to assess the extent to which the Group's operation and business may be affected in the second half of 2020. Nevertheless, the Group has carried out necessary steps for the purpose of lessening such negative impacts on its operation and business, for example, the implementation of additional health and safety policies and procedures and building in certain emergency plans of the Group's production in the PRC and Indonesia to ensure our capability to withstand the happenings of any unexpected public health issues. Our priority is to provide an appropriate working environment for our staff and workers, which in turn would help to ensure a smooth operation of the Group, as far as possible. The Directors and the Group's management will continue to closely monitor the situation and take further actions if then considered necessary.

Through conscientious plans and efforts of the Group, the management is confident that our long term business potential in the PRC 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 2020 are detailed as 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 2020 was RMB1,202,335,000, representing an increase of 51.3% as compared to the corresponding period in 2019, which was primarily attributable to continuous improvement in the sale volume of the National VI standard engine sets to SGMW and other customers, despite the negative impact from the COVID-19 which resulted in certain extent suspension and disruption in operations of the division in the first quarter of 2020.

Total number of engines sold by the subsidiary, Liuzhou Wuling Liuji Motors Company Limited ("Wuling Liuji"), for the first half of 2020 was approximately 92,000 units, representing an increase of approximately 35.3% as compared to the corresponding period in 2019.

During the period, sales to SGMW, our core customer, amounted to approximately RMB612,588,000, representing an increase of 66.2% as compared to the corresponding period in 2019, which was primarily attributable to an increase in the sale volume of the NP18 model to SGMW for their Capacity 1.8L vehicle models, which amounted to approximately 42,000 units as compared to 23,000 units achieved in the corresponding period in 2019. Meanwhile, the business volume of the 3C products (i.e. cylinder block, cylinder head and crankshaft components) supplying to SGMW experienced certain extent of decline.

Irrespective of the continuous improvement in the sale volume of the National VI standard engine sets, an operating loss of RMB46,920,000 was recorded during the period due to the lower gross profit margin and the incurring of additional costs in the adoption and implementation of the requisite health and safety measures and procedures in the production facilities of the division in order to provide a safety and an appropriate working environment for our staff members upon resumption of production of the division. Additional research and development expenses due to continuous launches of new products and the implementation of certain technological upgrade and enhancement projects had also affected the profitability performance of the division.

As a long standing industry leader in the manufacturing of engines for the various types of vehicles, Wuling Liuji continued to supply products to other automobile manufacturers in this market segment. Despite the negative impact from the COVID-19 which resulted in certain extent suspension and disruption in operations of the division in the first quarter of 2020, benefited from the regulatory upgrade requirement of the national standard of motor vehicles in the PRC (i.e., the upgrading from National V to National VI standard) since the second half of 2019, sales to other customers, primarily National VI standard engine sets with capacity range from 1.0L to 1.6L, continued to achieve an impressive growth and increased to approximately RMB589,747,000 for the period under review, which accounted for approximately 49% of the total revenue of this division.

The production capacity of Wuling Liuji for the assembly lines at present could reach 800,000 units a year which covers quite an extensive list of products ranging from the lowest capacity 0.6L model to the highest capacity of 3.7L model, in which the models within the 1.0L to 2.0L range are the products where Wuling Liuji is having the competitive edge in the industry. Considering the dynamic business environment and the strengthening of the competitiveness in the market, over the past few years, in implementing the production capacity expansion programmes, special emphasis has been placed by the division on the scalability of the production facilities such that the production and economic efficiency could be maintained in serving the market demands from different types of customers notwithstanding their different range of models and size of orders.

To further expand the product range and to achieve higher technical capability, Wuling Liuji has also actively undertaken development projects for the production of the upgraded engine products in serving the different needs of the customers, especially targeting at the passenger vehicles segment, which included the recent upgrading projects of the main models of Wuling Liuji in compliance with regulatory upgrade of the national standard of motor vehicles in the PRC (i.e., the upgrading from National V to National VI standard) which had contributed to the business performance of the division. Besides, Wuling Liuji has also undertaken projects for the continuous enhancement of the NP18 model and for the development of a new model namely, NPT20 (Capacity 2.0L) in serving the specific needs of the customers of the passenger vehicles segment. The Group considers that completion of the new highly-automated production facilities designated for the NPT20 model would further strengthen the market position of Wuling Liuji by having a comprehensive range of products ranging from 1.0L to 2.0L with the essential vertical integration elements, i.e., the in-house manufacturing of the foundry components. Following the market launches of the related passenger vehicles of the customer, small volume production of the NPT20 model was started in the fourth quarter of 2019. Even though the launch and development of the NPT20 model was distorted by the COVID-19 during the period under review, Wuling Liuji is confident that sales of this new model would gradually pick up and would benefit the business performance of the division in future.

At the same time, to kick start the business development in the segment of new energy vehicles, Wuling Liuji formed a joint venture with an independent third party to pursue the business activities in the development and production of electric motor control system and related components for new energy vehicles. At the back of the competitive strength and knowhow of the cooperative partner in their respective automobile and electric motor control system industry, the division enjoyed a speedy development in this great potential business segment, where the first batch of the Group's electric motor control system products applicable for electric vehicles had been developed and had been completed the required testing processes. Construction of the new production line for the mass production of the Group's electric motor control system products and related components for new energy vehicles was completed in May 2020. The division is now in negotiation with several potential customers for the market launches of the products.

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, including the products applicable for the new energy vehicles, 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 2020 was RMB2,162,684,000, representing a substantial decrease of 28.3% as compared to the corresponding period in 2019. The outbreak of the COVID-19 had severely affected the operation of this division. The associated mandatory measures of quarantine and lockdown for fighting against the spreading of COVID-19 resulted in low volume of production of the key customer and resulted in a significant decline in the business volume during the period. Owing to this, the division recorded a substantial operating loss of RMB142,771,000. Besides the adverse impact from the substantial decrease in the revenue of this division, incurring of additional costs in the adoption and implementation of the requisite health and safety measures and procedures in the production facilities of the division in order to provide a safety and an appropriate working environment for our staff and workers upon resumption of production, the high level of research and development expenses due to continuous launches of new products and the implementation of certain technological upgrade and enhancement projects and the impairment losses made against certain long overdue receivable balances and the carrying value of the property, plant and equipment of the automotive components and other industrial services division of RMB15,962,000 and RMB35,000,000 respectively, were also the factors leading to the significant operating loss of this division.

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, due to the adverse factors as explained above, total sales to SGMW through the Group or the associated companies, comprised the range of products including the brake and the chassis assembly components, seat sets, various plastic and welding parts and other automotive accessories, all experienced a substantial extent of reduction. Meanwhile, the division had undertaken various business expansion programmes recently in further expanding its customer base of the automotive components products, which are progressing satisfactorily and are expected to bear fruits in the near future.

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.

To cope with the future business opportunities, the Group had actively undertaken capacity expansion and upgrading programmes. With respect to the Liuzhou region, the production facility located in Hexi Industrial Park, Liuzhou which was originally designed for the mini-vehicles' components businesses, had been subject to various upgrading and revamping exercises in recent years, which involved the installation of industrial robotic workstations and other automatic machinery, in response to the business strategy and the increasing orders of SGMW for the passenger vehicles, in particular for the SUVs and MPVs. In addition, part of the facilities were currently leased to the newly formed joint venture companies as mentioned below.

Apart from the production facilities in the Liuzhou region, Wuling Industrial had also 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 has also undertaken certain technology advance and capacity expansion projects. Such projects, which involved 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, were completed and had gradually started operating. With respect to the production facilities in Chongqing following the full operation of the first phase, Wuling Industrial keeps monitoring the business environment in determining the commencement of the construction of the second phase development to cope with the potential demands arising from the expansion plans in future.

In addition to the above facilities, the Group has also recently established a new production facility in Guiyang in the Guizhou province, which has commenced operation in the second half of 2019 by supplying automotive components to another renowned local car manufacturer. Over the past few years, the Group has taken strategic steps in the PRC to transform from a single production point operation in Liuzhou into an interprovincial production group with facilities in Guangxi, Shandong, Chongqing and Guizhou, 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.

Apart from the geographical expansion in capacity, these strategic steps over the past few years have also strengthened the commercial collaboration between the Group and SGMW and other new customers in pursuing current businesses as well as other future business opportunities by establishing its production overseas plants in Indonesia and India recently. The production plant in Indonesia, which comprises 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 an initial planned production volume of 100,000 sets/units per annum, were still operating at a loss during the period due to the low utilization rate of the operating facilities, partly due to the COVID-19 issue during the period. However, 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 considers that the business performance of the Group's automotive components businesses in Indonesia will be improved in the foreseeable future. Meanwhile, the production plant of the Group in India, which had a smaller scale of operation and targeted for the automotive component business of a renowned PRC car manufacturer continued to deliver a solid result in the first half of 2020.

Going forward, 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, and the implementation of the appropriate strategic and business programmes for other customers, will continue to provide strong supports to the operation of the automotive components and other industrial services division in 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 2020 was RMB2,333,941,000, maintained at a similar level as compared to the corresponding period in 2019. Continuous launches of new models of specialized vehicles ensured a steady business volume irrespective of the adverse effect from the COVID-19. Operating profit for the six months ended 30 June 2020 was RMB14,696,000, representing a decrease of 49.8% as compared to the corresponding period in 2019. Incurring of additional costs in the adoption and implementation of the requisite health and safety measures and procedures in the production facilities of the division facing the COVID-19 and the high level of research and development expenses due to continuous launches of new products impeded the continuous improvement in profitability of the division during the period.

During the six months ended 30 June 2020, Wuling Industrial sold approximately 52,600 specialized vehicles, which experienced a decrease as compared to the corresponding period in 2019. In which, the sale volume of redecorated vans (for goods), redecorated vans (for passengers) and other types of vehicles (primarily sightseeing vehicles) were approximately 50,000, 1,400, and 1,200 respectively, amongst which approximately 1,900 vehicles were new energy vehicles, comprising primarily electric logistic vehicles and electric sight-seeing vehicles.

Despite the severe business environment as affected by the COVID-19, proactive marketing strategies and continuous launches of new models benefited the business performance of the division from which the momentum of the sale volume of redecorated vans (for goods and for passengers) was maintained and continued to rank as the leading supplier in this market segment. Meanwhile, the division continued to experience a moderate increase in the sale volume of electric vehicles contributed primarily from the electric sight-seeing vehicles and electric logistic vehicles. Wuling's electric sight-seeing buses being selected as the designated transport vehicle in some national and international events also helped to upgrade its product image and provided positive feedback from the market.

Operating margin declined to 0.6% for the period due to the abovementioned unfavourable factors. Besides, high portion of redecorated vans (for goods and for passengers) having low profit margin, competitive pricing strategy and increasing production costs resulting from product upgrades and improvement continued to limit the profitability performance of the division. Nevertheless, as a leading manufacturer in this niche market, the Group is confident that the profitability of this division will eventually be improved due to the increasing sale volume of higher-end products in the market in consequence of the increasing customers' preferences towards higher quality products where the Group is working towards strategically.

The specialized vehicles division operates comprehensive car assembly lines which cover 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 truck, postal van, ambulance, container wagon, refrigerator vehicle, heat preservation vehicle, garbage truck and electric vehicle, 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. Besides, in line with the national policies relating to environment protection and the promotion of clean energy, 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, certain electric vehicle products of the Group, including electric logistic vehicles, electric sightseeing buses and other electric vehicles, had started to gradually launch to the market.

On the technological and product development aspect, Wuling Industrial has actively undertaken projects by adopting the technical knowhow as developed from the above electric vehicles products as the platform to explore and develop a series of electric specialized vehicles suitable for peculiar business segments, which would cover the car sharing and auto pilot aspects. In cooperation with other reputable business partners, respective trial runs for car sharing and auto pilot projects have been carried out in recent years in which initial responses are satisfactory and encouraging.

Over the years, the Group had unremittingly developed new models of specialized vehicles with improved quality and added features in response to market demands and enhanced regulatory standards, such as the recently launched hot-selling stall car, the Group's first electric logistic vehicle (EV50) and the forthcoming refrigerated mini-truck. The Group is confident the launches of these new models will be beneficial to 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 60,000 vehicles. Taking the advantage of having an existing operation in Chongqing, the Group has commenced the construction of a production plant for the assembly of specialized vehicles in the production facilities in Chongqing with planned annual capacity of approximately 50,000 vehicles, completion of 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.

Besides our proactive marketing strategies and continuous launches of new models, our focus on delivery of a high standard of customer services with prompt responsiveness to customers' feedbacks are also important in further promoting our business potential in the specialized vehicles segment. The extensive operations of our current more than 230 service stations keep us abreast of market trend and development in the industry for deriving the suitable business strategy for the specialized vehicles division. The consecutive impressive growth in business volume in recent years essentially demonstrated the positive impact from these multi-dimensional strategy, which enable the Group to head towards the essential breakthrough in this segment.

The Group would strive to maintain a prominent market share, and at the same time, explore the opportunity for future growth potential to further improving the profitability of the specialized vehicles segment, through implementation of active business strategies in promoting our products to the regions where Group's products are still having a lower penetration rate.

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 is owned as to 51% by Wuling Liuji and formed with IAT Automobile Technology Co., Ltd., for purpose of developing and pursuing the businesses of our owned proprietary V6 cylinder engine products, did not make any significant progress during the period. Following the completion of the launch of the 3.0L Advanced Model, business volume remained small and Wuling Liuji and Liuzhou Lingte continued to work together to formulate appropriate marketing plan for promoting the product to targeted customers. Whilst the successful development of the V6 products by Liuzhou Lingte will significantly enhance our products range and capability in the industry, mass and profitable operation was yet to kick off due to the general sluggish business environment faced by the automobile industry. During the six months ended 30 June 2020, Liuzhou Lingte reported a total revenue of RMB2,667,000, representing a year-on-year decrease of 60.9%, whereas net operating loss was further increased to RMB7,004,000 due to the low utilization rate and the moderate increase of administrative expenses, in which a loss of RMB3,572,000 was attributable to the Group.

Guangxi Weixiang Machinery Company Limited ("Guangxi Weixiang"), which is owned as to 50% by Wuling Industrial and formed with Guangxi Liugong Machinery Company Limited for developing and pursuing the businesses of engineering machinery and other industrial vehicles products maintained its profitability during the period despite the unfavourable factors caused by the COVID-19. During the six months ended 30 June 2020, Guangxi Weixiang reported a total revenue of RMB288,548,000, representing an increase of 15.9% on a year-on-year basis, whereas net operating profit was moderately decreased by 13.4% to RMB5,401,000, in which a profit of RMB2,701,000 was attributable to the Group.

FL Seating which is be owned as to 50% each by Wuling Industrial and Faurecia Group for pursuing the business of car seat products in the PRC has entered into the third year of operation in 2020. It is expected that the cooperation 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. FL Seating, which operation is primarily facilitated by the transfer of machinery and equipment, the re-designation of certain employees of Wuling Industrial and the leasing of certain production premises and facilities of Wuling Industrial in Liuzhou and Qingdao, experienced a tough business conditions due to the COVID-19 during the six months ended 30 June 2020. During the period under review, FL Seating achieved a total revenue of RMB145,988,000, representing a year-on-year decrease of 41.7%, whereas a net operating loss of RMB6,026,000 was incurred (as compared to a net operating loss of RMB9,498,000 achieved in the corresponding period in 2019) due to a decline in the business volume as affected by the COVID-19, in which RMB3,013,000 was attributable to the Group.

FL Interior which is be owned as to 50% each by Wuling Industrial and Faurecia Group for pursuing the business of automotive interior system, its related parts and accessories, including cockpit, instrument panel, auxiliary instrument panel, door trim panel, acoustics and soft trim in the PRC has also entered the third year operation in 2020. It is expected that the co-operation with Faurecia Group will provide essential technical support to the Wuling Industrial in further promoting its business opportunities in these types of products from SGMW as well as other new customers. FL Interior, which operation is also primarily facilitated by the transfer of machinery and equipment, the re-designation of certain employees of Wuling Industrial and the leasing of certain production premises and facilities of Wuling Industrial in Liuzhou and Qingdao, faced with the same adversity as FL Seating as abovementioned and experienced a significant drop in business volume during the six months ended 30 June 2020. During the period under review, FL Interior achieved a total revenue of RMB52,708,000, representing a year-on-year decrease of 75.3%, whereas a net operating loss of RMB15,627,000 was incurred (as compared to a net operating loss of RMB2,067,000 achieved in the corresponding period in 2019) due to a decline in the business volume as affected by the COVID-19, in which RMB7,814,000 was attributable to the Group.

FL Emission which is be owned as to 50% each by Wuling Industrial and Faurecia Group for pursuing the business of automotive emissions control system products and related parts and components in the PRC has commenced operation in May 2019. It is expected that the co-operation with Faurecia Group will provide essential technical support to the Group in further promoting its business opportunities in these types of products from SGMW as well as other new customers. The initial operation of FL Emission was primarily facilitated by the transfer of machinery and equipment of Wuling Industrial which were used for the production of automotive emissions control system products located in Liuzhou and the re-designation of certain employees of Wuling Industrial and the leasing of certain production premises and facilities of Wuling Industrial located in Liuzhou. During the six months ended 30 June 2020, faced with the same adversity as FL Seating and FL Interior as abovementioned, sale of FL Emission achieved a total revenue of RMB231,833,000, whereas a net operating loss of RMB424,000 was incurred, in which RMB212,000 was attributable to the Group.

AAMJV, which is owned as to 50% by Wuling Industrial and 50% by American Axle & Manufacturing, Inc. ("AAM International") and occupies the highly automated "Smart Factory" under the third phase development of the Liudong Facilities, for the purpose of developing and pursuing the business of the manufacturing and sales of driveline products business, which includes the independent drive axles, propshafts and other driveline products, driveheads for high-end Salisbury axles or banjo axles, e-drive units for new energy vehicles, and other driveline components for motor vehicles has commenced operation in the second half of 2019. It is expected that the co-operation with AAM International will enable faster improvement in the processing technique of vehicle axles to meet the requirements of medium-end and higher-end passenger vehicles, from which the joint venture company could serve as a platform to co-operate on and operate vertical rear axles, transmission axles and other business, furthering the technology development of vehicle axle products. During the six months ended 30 June 2020, faced with the same adversity as the abovementioned joint ventures, the planned projects of AAMJV had been delayed, as a result, AAMJV could only manage a total revenue of RMB13,066,000, whereas a net operating loss of RMB12,773,000 was incurred due to the low utilization rate, in which RMB6,386,000 was attributable to the Group.

Financial Review

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Group's total revenue for the six months ended 30 June 2020 was RMB5,708,780,000, representing a decrease of 7.1% as compared to the corresponding period in 2019. The decrease was mainly attributable to a substantial decrease in the revenue of the Group's automotive components and other industrial services division caused by the outbreak of COVID-19 early this year where serious extent of suspension and disruption in the operations of the Group were resulted especially in the first quarter in 2020. As a positive note, revenue from the engines and related parts division indicated some improvement and revenue from the specialized vehicles division remained solid during the six months ended 30 June 2020.

Gross profit for the period under review was RMB249,991,000, representing a significant decrease of 52.1% as compared to the corresponding period in 2019. The significant decrease in the gross profit was primarily due to the material adverse impact from the outbreak of the COVID-19 which resulted in a significant decrease in the business volume of the Group, in particular the automotive components and other industrial services division and the incurring of the additional costs in the adoption and implementation of the requisite health and safety measures and procedures in the production facilities of the Group in order to provide a safety and an appropriate working environment for our staff and workers upon resumption of production of the Group. Hence, gross profit margin tumbled to 4.4% as compared to the 8.5% as recorded in corresponding period in 2019. Meanwhile, the operating losses incurred in the production plant in Indonesia continued to adversely affect the profit margin of the Group.

The adverse impact from the decline in profit margin on the business performance was further aggravated by a substantial increase in the research and development expenses of the Group due to continuous launches of new products and the implementation of certain technological upgrade and enhancement projects by the Group during the period and the impairment losses made against certain long overdue receivable balances and the carrying value of the property, plant and equipment of the automotive components and other industrial services division of RMB15,962,000 and RMB35,000,000 respectively. Besides, increases in borrowings and bill discounting activities by the Group during the period had also resulted in a significant increase in the finance cost. Hence, for the first half of 2020, the Group reported a net loss of RMB294,025,000 as compared to the net profit of RMB12,450,000 for the corresponding period in 2019, whereas, the loss attributable to the owners of the Company of substantially increased to RMB198,697,000 for the first half of 2020, as compared to the loss attributable to the owners of the Company of RMB3,043,000 for the corresponding period in 2019.

Accordingly, basic loss per share for the six months ended 30 June 2020 further declined to RMB7.50 cents, as compared to the basic loss per share of RMB0.15 cents as recorded in the corresponding period in 2019.

Other income comprised primarily bank interest income, sales of scrap materials and parts, government subsidies and other services income was in aggregate RMB79,477,000 for the six months ended 30 June 2020, representing an increase of 38.3% as compared to the corresponding period in 2019 due to increase in bank interest income.

Other gains and losses amounted to a net loss of RMB39,936,000 for the six months ended 30 June 2020, which comprised primarily the combined results of the impairment loss of RMB35,000,000 made against the property, plant and equipment of the automotive components and other industrial service division, loss on disposals of certain property, plant and machinery amounting to RMB2,111,000, decrease in fair value of investment properties amounting to RMB2,620,000, loss on fair value change of financial assets/liabilities at fair value through profit or loss of RMB20,164,000 and exchange gain of RMB21,118,000.

Share of result of associates reported a total net operating losses of RMB11,038,000 for the six months ended 30 June 2020 representing primarily the net operating losses attributable to the three joint ventures formed with the Faurecia Group, namely FL Seating, FL Interior and FL Emission. As affected by the serious extent of suspension and disruption in operations caused by the COVID-19, especially in the first quarter of 2020, operating losses were recorded for all of these joint venture enterprises during the period.

Share of results of joint ventures reported a total net operating losses of RMB7,836,000 for the six months ended 30 June 2020, which were mainly attributable to the net operating losses of Liuzhou Lingte and AAM, both of which being adversely affected by the COVID-19 to different extent, whereas, Guangxi Weixiang remained profitable during the period.

Selling and distribution costs of the Group comprised primarily transportation costs, warranty expenses and other marketing expenses were in aggregate RMB74,836,000 for the six months ended 30 June 2020, representing an increase of 15.2% as compared to the corresponding period in 2019 which was mainly due to the increase in revenue of the engines and related parts division.

General and administrative expenses of the Group comprised primarily salary and allowances, various insurance expenses, rental expenses and other administrative expenses were in aggregate RMB256,800,000 for the six months ended 30 June 2020, representing a substantial decrease of 35.8% as compared to the corresponding period in 2019, in which government subsidies amounting to approximately RMB26,900,000 for staff salary and allowances had been taken into account. Besides, facing the tough and highly competitive business environment, the Group had continued to implement various cost control measures in containing the general and administrative expenses of the Group aiming at alleviating the adverse impact from a tightening gross profit margin and promoting competitiveness and efficiency.

Research and development expenses for the six months ended 30 June 2020 amounted to RMB102,796,000, representing a significant increase of 234.8% as compared to the corresponding period in 2019 due to continuous launches of new products and the implementation of certain technological upgrade and enhancement projects by the Group. In cooperation with customers and business partners, research and development programmes for new products were unremittingly implemented during the period aiming at taking the advantages of a solid recovery of the business environment in the second half of 2020. Nevertheless, 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 2020 amounted to RMB118,684,000, representing a significant increase of 103.9% as compared to the corresponding period in 2019 due to increases in borrowings and bill discounting activities by the Group during the period. The finance costs had also included an amount of RMB18,664,000 incurred for the Convertible Loan Notes, calculated on the effective interest rates method. This Convertible Loan Notes had been fully redeemed by the Company on maturity in May 2020.

Condensed Consolidated Statement of Financial Position

As at 30 June 2020, total assets and total liabilities of the Group stood at RMB17,162,875,000 and RMB14,985,286,000 respectively.

Non-current assets amounted to RMB4,420,772,000 comprised mainly property, plant and equipment, right-of-use assets, interests in joint ventures and associates, etc. The balances had taken into account the impairment loss of RMB35,000,000 made against the property, plant and equipment of the automotive components and other industrial services division during the period.

Current assets amounted to RMB12,742,103,000 comprised mainly inventories of RMB2,036,954,000, trade and other receivables of RMB2,996,901,000, bills receivables at fair value through other comprehensive income of RMB4,307,282,000 (inclusive of bills receivables discounted with recourse but not yet matured amounting to RMB3,237,142,000), pledged bank deposits of RMB1,261,146,000 and bank balances and cash of RMB2,111,497,000. Amount due from SGMW, a related company and a key customer in the engines and automotive components businesses of the Group amounted to RMB1,856,157,000 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 RMB14,876,354,000, comprised mainly trade and other payables of RMB7,916,280,000, contract liabilities of RMB275,046,000, lease liabilities of RMB37,122,000, provision for warranty of RMB72,853,000, bank and other borrowings — due within one year of RMB3,312,147,000 and advances drawn on bills receivables discounted with recourse of RMB3,261,445,000. The corresponding bills receivables discounted with recourse to these advances amounting to RMB3,237,142,000 were recorded as trade and other receivables as at 30 June 2020, which would be offset against upon maturity.

The Group recorded net current liabilities of RMB2,134,251,000 as at 30 June 2020, which was significantly increased as compared to the net current liabilities of RMB1,304,476,000 as at 31 December 2019, due to the shifting of the long term bank and other borrowings to other short term financing (bank borrowings and advances drawn on bills receivables discounted with recourse) during the period for enjoying lower interest rates.

Non-current liabilities amounted to RMB108,932,000 comprised mainly lease liabilities of RMB28,080,000, contract liabilities of RMB11,672,000, deferred tax liability of RMB18,613,000 and amount due to an associate of RMB50,000,000.

Liquidity and Capital Structure

During the six months ended 30 June 2020, the operating and investing activities of the Group were mainly satisfied by the financing activities of the Group through the drawdown of bank borrowings and the bill receivables discounted.

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 2020, the outstanding advances drawn on bill receivables discounted with resource maintained at RMB3,261,445,000 during the period. The corresponding bill receivables discounted with recourse to these advances amounting to RMB3,237,142,000 were recorded as bills receivables at fair value through other comprehensive income which would be offset against upon maturity.

Resulting from the shift of the long term bank and other borrowings to short term bank borrowings for containing finance costs, at 30 June 2020 the Group's unaudited net current liabilities amounted to RMB2,134,251,000, representing a significant increase of approximately 63.6% as compared to the Group's audited net current liabilities of RMB1,304,476,000 as recorded at 31 December 2019.

Meanwhile, in line with the increases in the borrowing and bills discounting activities by the Group, the cash at bank balances (together with the pledged bank deposits) were substantially increased by 122.4% to RMB3,372,643,000. The Group had strategically managed to strengthen the liquidity position with the optimistic view of a solid economic recovery in the second half of 2020.

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 2 January 2020, the Company announced a rights issue exercise for the raising of a total of approximately HK$205.01 million, before expenses, by way of the issue of new Shares of the Company on the basis of one (1) rights share for every two (2) shares held on 21 February 2020 (i.e., the record date) at the subscription price of HK$0.20 per rights share (the "Rights Issue"). In the Rights Issue, Wuling (Hong Kong) Holdings Limited and Dragon Hill Development Limited, respectively controlling and substantial shareholder of the Company, had irrevocably and unconditionally undertaken to, among other things, apply for and pay for the certain number of rights shares of the Company as provisionally allotted to them, whereas, the rights shares not taken up by the shareholders of the Company were fully underwritten by the underwriter, Zhongtai International Securities Limited and/or other sub-underwriters to the Rights Issue. According to the right issue exercise, the net proceeds of the Rights Issue which amounted to approximately HK$200.01 million will be fully used as a partial repayment of all of the outstanding amount of the Convertible Loan Notes in the amount of approximately HK$260.00 million (including both outstanding principal and related interests) upon its maturity on 23 May 2020.

The Rights Issue subsequently became unconditional on 10 March 2020 and was completed on 16 March 2020 where a total number of 1,025,053,777 new Shares were allotted and issued accordingly. Further details of the Rights Issue are available in the Company's announcements dated 2 January, 2020, 29 January 2020 and 16 March 2020 and the Company's prospectus dated 24 February 2020.

On 23 May 2020, the Convertible Loan Notes were fully redeemed by the Company.

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 RMB1,283,993,000 as at 30 June 2020. Net asset value per share was approximately RMB41.8 cents as at 30 June 2020.

INTERIM DIVIDEND

The Board did not recommend the declaration of an interim dividend for the six months ended 30 June 2020 (Six months ended 30 June 2019: 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 2020 (Six months ended 30 June 2019: 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 six months ended 30 June 2020, the Company confirmed that it has fully complied with all 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 six months ended 30 June 2020.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee"), comprising the three independent non-executive directors, namely Mr. Ye Xiang (the Chairman), Mr. Wang Yuben and Mr. Mi Jianguo, 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 (www.wuling.com.hk) and the Stock Exchange (www.hkexnews.hk).

At the request of the Audit Committee, the Company's auditors, KPMG, had carried out a review of the unaudited interim financial information of the Group for the six months ended 30 June 2020 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 Group for the six months ended 30 June 2020 has also been reviewed by the Audit Committee.

INTERIM REPORT

The interim report for the six months ended 30 June 2020 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. Yang Jianyong and Mr. Wang Zhengtong as executive Directors, and Mr. Ye Xiang, Mr. Wang Yuben and Mr. Mi Jianguo as independent non-executive Directors.

On behalf of the Board of
Wuling Motors Holdings Limited
Yuan Zhijun
Chairman

Hong Kong, 28 August 2020