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 FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

	2022	2021	Change
	RMB'000	*RMB'000*	+/– (%)
Revenue	**12,595,607**	14,408,507	–12.6%
Gross profit	**908,488**	1,085,847	–16.3%
Profit (loss) for the year	**40,038**	(45,860)	+187%
Profit (loss) attributable to the owners of the Company	**22,611**	(24,148)	+194%
Profit (loss) per share			
Basic	**RMB0.69 cent**	RMB(0.74) cent	+193%
Diluted	**RMB0.69 cent**	RMB(0.74) cent	+193%
Final dividend	**HKD0.3 cent**	HKD0.3 cent	No change

RESULTS

The board of directors (the "**Board**") of Wuling Motors Holdings Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2022 together with the comparative figures for the previous year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTES	**2022** ***RMB'000***	2021 *RMB'000*
Revenue	*4*		
Goods and services		**12,563,268**	14,362,941
Rental		**32,339**	45,566
Total revenue		**12,595,607**	14,408,507
Cost of sales and services		**(11,687,119)**	(13,322,660)
Gross profit		**908,488**	1,085,847
Other income	*5(a)*	**214,760**	215,479
Other gains and losses	*5(b)*	**(10,724)**	(26,775)
Impairment (losses) credit under expected credit loss model, net of reversals of impairment losses		**(18,931)**	22,355
Selling and distribution costs		**(116,342)**	(232,913)
General and administrative expenses		**(488,015)**	(577,317)
Research and development expenses		**(319,465)**	(408,360)
Share of results of associates		**(2,546)**	(6,526)
Share of results of joint ventures		**(3,788)**	(2,043)
Finance costs	*7(a)*	**(116,840)**	(115,661)
Profit (loss) before taxation	*7*	**46,597**	(45,914)
Income tax (expense) credit	*6*	**(6,559)**	54
Profit (loss) for the year		**40,038**	(45,860)
Other comprehensive income (expense) for the year (after tax)			
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		**6,059**	–
Fair value loss on equity instrument at fair value through other comprehensive income ("**FVTOCI**")		**(106)**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of operations outside Mainland China		**4,058**	(3,436)
Fair value gain (loss) on bills receivable at FVTOCI		**2,439**	(7,990)
Other comprehensive income (expense) for the year		**12,450**	(11,426)
Total comprehensive income (expense) for the year		**52,488**	(57,286)

	NOTES	2022 RMB'000	2021 RMB'000
Profit (loss) for the year attributable to:			
Owners of the Company		**22,611**	(24,148)
Non-controlling interests		**17,427**	(21,712)
Total		**40,038**	(45,860)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**31,779**	(32,451)
Non-controlling interests		**20,709**	(24,835)
Total		**52,488**	(57,286)
Profit (loss) per share	*9*		
Basic		**RMB0.69 cent**	RMB(0.74) cent
Diluted		**RMB0.69 cent**	RMB(0.74) cent
Dividend	*8*		
Interim dividend		**Nil**	Nil
Final dividend		**HKD0.3 cent**	HKD0.3 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	NOTES	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*10(c)*	**2,910,411**	3,149,655
Right-of-use assets	*10(b)*	**272,539**	219,502
Intangible assets		**60,942**	26,055
Investment properties	*10(a)*	**441,915**	452,093
Interests in associates	*11(a)*	**854,226**	301,172
Interests in joint ventures	*11(b)*	**102,056**	174,630
Deposits paid for acquisition of property, plant and equipment		**19,874**	14,440
Equity instrument at FVTOCI	*11(b)*	**44,707**	2,048
		4,706,670	4,339,595
CURRENT ASSETS			
Inventories		**1,250,225**	1,745,523
Trade and other receivables	*12*	**2,481,201**	2,664,609
Bills receivable at FVTOCI	*13*	**4,508,147**	3,789,160
Financial assets at fair value through profit or loss ("**FVTPL**")		**13,661**	–
Prepaid tax		**2,819**	2,969
Pledged bank deposits		**608,076**	643,933
Bank balances and cash		**1,974,617**	1,835,735
		10,838,746	10,681,929
CURRENT LIABILITIES			
Trade and other payables	*14*	**6,659,530**	7,350,218
Contract liabilities		**147,413**	195,660
Lease liabilities		**54,884**	6,570
Provision for warranty	*15*	**87,152**	95,023
Bank borrowings		**1,426,451**	1,558,488
Advances drawn on bills receivable discounted with recourse		**3,395,997**	2,876,265
Financial liabilities at FVTPL		**–**	14,200
		11,771,427	12,096,424
NET CURRENT LIABILITIES		**(932,681)**	(1,414,495)
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,773,989**	2,925,100

	NOTES	2022 RMB'000	2021 RMB'000
NON-CURRENT LIABILITIES			
Contract liabilities		**8,006**	9,472
Lease liabilities		**33,638**	4,218
Amount due to an associate		**–**	50,000
Bank borrowings		**822,329**	–
Deferred tax liabilities		**30,135**	28,240
		894,108	91,930
NET ASSETS		**2,879,881**	2,833,170
CAPITAL AND RESERVES			
Share capital	*16*	**11,782**	11,782
Reserves		**1,901,330**	1,868,853
Equity attributable to owners of the Company		**1,913,112**	1,880,635
Non-controlling interests		**966,769**	952,535
		2,879,881	2,833,170

NOTES
FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

Wuling Motors Holdings Limited (the "**Company**") is a public limited company incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its immediate parent is Wuling (Hong Kong) Holdings Limited ("**Wuling HK**") and its ultimate parent is Guangxi Automobile Holdings Limited (廣西汽車集團有限公司) ("**Guangxi Automobile**").

The Company acts as an investment holding company and its subsidiaries (collectively referred to as the "**Group**") are engaged in the manufacturing and trading of vehicles' power supply systems, automotive components and accessories and commercial vehicles assembly, trading of steels, and provision of water and power supply.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity and going concern of the Group in light of the Group's current liabilities exceeded its current assets by approximately RMB933 million as at 31 December 2022 (31 December 2021: RMB1,414 million). The directors of the Company are of the opinion that, after due and careful enquiry taking into account the continuous financial support provided from Guangxi Automobile, which is a state-controlled company established in the PRC with the State-owned Assets Supervision and Administration Commission of the People's Government of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府國有資產監督管理委員會) and having a long standing reputation in the automobile industry in the PRC, and the financial resources available to the Group, including internally generated funds, the available banking facilities for issuance of bills payable 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 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.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments are relevant to the Group. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue

	Notes	2022 RMB'000	2021 RMB'000
Types of goods and services			
Sales of engines and related parts and other power supply products	*(a)*	**2,896,038**	2,759,012
Sales of automotive components and accessories	*(b)*	**5,122,212**	5,802,732
Sales of specialized vehicles (including new energy vehicles)	*(c)*	**3,619,542**	4,489,599
Trading of steels	*(b)*	**819,545**	1,205,415
Provision of water and power supply	*(b)*	**105,931**	106,183
Revenue from contracts with customers within scope of HKFRS 15		**12,563,268**	14,362,941
Revenue from gross rental income		**32,339**	45,566
		12,595,607	14,408,507
Timing of revenue recognition			
A point in time		**12,457,337**	14,256,758
Over time		**138,270**	151,749
Total		**12,595,607**	14,408,507
Geographical markets			
Mainland China		**12,428,920**	14,305,028
Others		**166,687**	103,479
Total		**12,595,607**	14,408,507

Notes:

(a) These revenue has been classified as revenue under the vehicles' power supply systems 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 the commercial vehicles assembly segment in the segment information.

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. This is also the basis upon which the Group is organized. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

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

- Vehicles' power supply systems — Manufacture and sale of engines and engine related parts and other power supply products
- 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
- Commercial vehicles assembly — Manufacture and sale of specialized vehicles (including new energy vehicles)
- Others — Property investment and others

Segment revenues and results

The measure used for reporting segment profit or loss is "adjusted EBIT" i.e. "adjusted earnings before interest and taxes", where "interest" is regarded as finance income/costs. To arrive at adjusted EBIT, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as net exchange gains and losses, share of profits less losses of associates and joint ventures, fair value changes of financial instruments at FVTPL, and other head office or corporate administration costs.

The following is an analysis of the Group's revenue and results from reportable and operating segments:

For the year ended 31 December 2022

	Vehicles' power supply system *RMB'000*	**Automotive components and other industrial services** *RMB'000*	**Commercial vehicles assembly** *RMB'000*	**Others** *RMB'000*	**Elimination** *RMB'000*	**Consolidated** *RMB'000*
Revenue from external customers	**2,896,038**	**6,047,688**	**3,619,542**	**32,339**	**–**	**12,595,607**
Inter-segment revenue	**9,207**	**164,257**	**2,953**	**–**	**(176,417)**	**–**
Total	**2,905,245**	**6,211,945**	**3,622,495**	**32,339**	**(176,417)**	**12,595,607**
Segment profit (adjusted EBIT)	**30,155**	**52,742**	**21,950**	**23,375**		**128,222**
Bank interest income						**100,413**
Change in fair value of financial assets/ liabilities at FVTPL						**13,661**
Net exchange loss						**(16,199)**
Central administrative costs						**(56,326)**
Share of results of associates						**(2,546)**
Share of results of joint ventures						**(3,788)**
Finance costs						**(116,840)**
Profit before taxation						**46,597**

For the year ended 31 December 2021

	Vehicles' power supply system *RMB'000*	Automotive components and other industrial services *RMB'000*	Commercial vehicles assembly *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Consolidated *RMB'000*
Revenue from external customers	2,759,012	7,114,330	4,489,599	45,566	–	14,408,507
Inter-segment revenue	5,861	44,181	379	–	(50,421)	–
Total	2,764,873	7,158,511	4,489,978	45,566	(50,421)	14,408,507
Segment (loss) profit (adjusted EBIT)	(73,696)	88,559	18,156	38,673		71,692
Bank interest income						66,872
Change in fair value of financial assets/ liabilities at FVTPL						(14,200)
Net exchange loss						(593)
Decrease in fair value of investment properties						(12,543)
Central administrative costs						(32,912)
Share of results of associates						(6,526)
Share of results of joint ventures						(2,043)
Finance costs						(115,661)
Loss before taxation						(45,914)

The accounting policies of the operating segments are the same as the Group's accounting policies.

5. OTHER INCOME/OTHER GAINS AND LOSSES

(a) Details of other income are as follows:

	2022	2021
	RMB'000	*RMB'000*
Bank interest income	**100,413**	66,872
Government grants *(note i)*	**15,709**	59,328
Sales of scrap materials, parts and others	**14,152**	16,000
Machinery and other property rental income *(note ii)*	**3,501**	20,638
Service income on repairs and maintenance	**15,061**	6,112
Income on use of technology knowhow	**1,466**	1,466
Income from the transfer of patents	**51,572**	–
Others	**12,886**	45,063
	214,760	215,479

Notes:

i. Government grants mainly represent various industry-specific subsidies granted by the government authorities to reward the Group's effort for technological innovation with no future related costs to be incurred. There are no unfulfilled conditions relating to such government subsidies recognized.

ii. Machinery and other property rental income are fixed lease payments.

(b) Details of other gains and losses are as follows:

	2022	2021
	RMB'000	*RMB'000*
Impairment loss on property, plant and equipment	**(22,000)**	–
Net exchange loss	**(16,199)**	(593)
Fair value change of financial assets/liabilities at FVTPL	**13,661**	(14,200)
Gain (loss) on disposal of property, plant and equipment	**15,919**	(12,749)
Decrease in fair value of investment properties	**(1,745)**	(12,543)
Gain on disposal of a subsidiary	**–**	10,793
Others	**(360)**	2,517
	(10,724)	(26,775)

6. INCOME TAX EXPENSE (CREDIT)

	2022	2021
	RMB'000	*RMB'000*
Tax expense (credit) represents:		
Current tax		
PRC Corporate Income Tax ("**CIT**") and income taxes of other tax jurisdictions	**4,187**	4,209
Withholding tax on dividend distribution	**436**	–
Under (over) provision in prior years	**1,110**	(1,550)
	5,733	2,659
Deferred tax		
Origination and reversal of temporary differences	**826**	(2,713)
	6,559	(54)

The PRC

In accordance with the relevant PRC CIT laws, implementation regulations and guidance notes, certain subsidiaries in Mainland China are entitled to tax concessions whereby the profits of the subsidiaries are taxed at a preferential income tax rate. Liuzhou Wuling Motors Industrial Company Limited ("**Wuling Industrial**"), Liuzhou Wuling Liuji Motors Company Limited ("**Liuji Motors**") and Wuling Liuji Foundry Company Limited ("**Liuji Foundry**") are approved as enterprises that satisfied as a High-New Technology Enterprises and entitled the preferential tax rate of 15% in 2021, 2022 and 2023. Liuzhou Zhuotong Motors Industrial Co., Ltd. ("**Liuzhou Zhuotong**") and Chongqing Zhuotong Motors Industrial Co., Ltd. ("**Chongqing Zhuotong**") were applicable to the tax concession of the Western Development in PRC and entitled the preferential tax rate of 15% in 2022. Taxation of the Group's other subsidiaries in Mainland China are calculated using the applicable income tax rates of 25%.

The PRC CIT Law also requires withholding tax of 5% upon distribution of profits by the PRC subsidiaries since 1 January 2008 to its overseas (including Hong Kong) shareholders.

During the year, deferred tax of RMB1,524,000 has been provided (2021: RMB832,000 reversed) in respect of the undistributed earnings of the Group's PRC subsidiaries and charged to profit or loss accordingly.

Hong Kong

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

No provision for taxation in Hong Kong or in Indonesia has been made as the subsidiaries in these jurisdictions or the Company do not have any assessable profit for both years.

Taxation for subsidiary in other tax jurisdictions amounting to RMB3,251,000 (2021: Nil) was charged at the appropriate current rates under the relevant taxation rulings.

7. PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before taxation is arrived at after charging (crediting):

	2022	2021
	RMB'000	*RMB'000*
(a) Finance costs		
Interests on:		
— Bank borrowings	**50,717**	30,165
— Advances drawn on bills receivable	**63,376**	84,502
— Lease liabilities	**2,747**	994
	116,840	115,661

	2022	2021
	RMB'000	*RMB'000*
(b) Staff costs		
Salaries, wages and other benefits	**700,615**	1,006,913
Contributions to defined contribution retirement plans	**77,595**	89,127
Equity-settled share-based payment expenses	**9,149**	583
	787,359	1,096,623

	2022	2021
	RMB'000	*RMB'000*
(c) Other items		
Depreciation charges:		
— Property, plant and equipment for own use	**381,509**	330,829
— Right-of-use assets	**54,365**	49,633
	435,874	380,462
Impairment losses on property, plant and machinery	**22,000**	–
Write-down (reversal of write-down) of inventories, net	**1,295**	(25,548)
Auditor's remuneration – audit services	**1,979**	2,113
Cost of inventories *(note)*	**11,577,961**	13,171,658

Note: Cost of inventories includes RMB670,189,000 (2021: RMB855,923,000) relating to staff costs and depreciation expenses, which amount is also included in the respective total amounts disclosed separately above.

8. DIVIDEND

	2022	2021
	RMB'000	*RMB'000*
Dividends recognized as distribution during the year:		
2021 Final dividend of HKD0.3 cent (2021: 2020 final dividend of HKD0.3 cent) per share	**8,451**	8,096

Subsequent to the end of the reporting period, a final dividend of HKD0.3 cent per share amounting to approximately HKD9,894,000 (or equivalent to RMB8,451,000) in respect of the year ended 31 December 2022 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

9. PROFIT (LOSS) PER SHARE

(a) Basic profit (loss) per share

The calculation of the basic profit (loss) per share is based on the profit attributable to equity shareholders of the Company of RMB22,611,000 (2021: loss attributable to equity shareholders of the Company of RMB24,148,000) and the weighted average of 3,298,161,000 ordinary shares (2021: 3,278,610,000 shares) in issue during the year, calculated as follows:

	2022	2021
	'000	*'000*
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	**3,298,161**	3,075,161
Effect of top-up placing and subscription exercise *(Note 16ii)*	**–**	203,449
Weighted average number of ordinary shares at 31 December	**3,298,161**	3,278,610

(b) Diluted profit (loss) per share

There were no dilutive potential ordinary shares during the year ended 31 December 2022 and 2021, and therefore, diluted profit or loss per share is the same as the basic profit or loss per share.

10. INVESTMENT PROPERTIES, RIGHT-OF-USE ASSETS, LEASE LIABILITIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Investment properties

During the year ended 31 December 2022, certain investment properties amounting to RMB10,458,000 have been transferred to property, plant and equipment and right-of-use assets because their use have changed as evidenced by end of owner-occupation (year ended 31 December 2021, certain property, plant and equipment and right-of-use assets amounting to RMB111,014,000 have been transferred to investment properties).

During the year ended 31 December 2022, the revaluation surplus resulting from the change from property, plant and equipment and right-of-use asset to investment properties amounting to RMB7,128,000 (year ended 31 December 2021: Nil) has been recognised in other comprehensive income.

The valuations of investment properties carried at fair value were updated at 31 December 2022 by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the December 2021 valuations. As a result of the update, a net loss of RMB1,745,000 (year ended 31 December 2021: RMB12,543,000) has been recognised in profit or loss for the year in respect of investment properties.

During the year ended 31 December 2022, certain investment properties amounting to RMB5,560,000 have been disposed (year ended 31 December 2021: Nil).

(b) Right-of-use assets and lease liabilities

During the year ended 31 December 2022, the Group entered into new lease agreements for the use of leasehold lands, office, production facilities and warehouse properties for 1 to 5 years. The Group is required to make fixed payments. The Group recognized additions to right-of-use assets of RMB106,498,000 (year ended 31 December 2021: RMB10,367,000) and the corresponding lease liabilities of RMB106,498,000 (year ended 31 December 2021: RMB10,367,000) during the current year.

At 31 December 2022, the Group's carrying amounts of right-of-use assets are RMB272,539,000 (year ended 31 December 2021: RMB219,502,000) and lease liabilities under current liabilities and non-current liabilities are RMB54,884,000 (year ended 31 December 2021: RMB6,570,000) and RMB33,638,000 (year ended 31 December 2021: RMB4,218,000), respectively.

(c) Acquisitions and disposals of owned assets

During the year ended 31 December 2022, the Group acquired items of property, plant and equipment with a cost of RMB289,889,000 (year ended 31 December 2021: RMB430,126,000). Items of property, plant and equipment with a net book value of RMB135,008,000 were disposed of during the year ended 31 December 2022 (year ended 31 December 2021: RMB150,382,000), resulting in a profit on disposal of RMB15,919,000 (year ended 31 December 2021: loss on disposal of RMB12,749,000).

11. INTERESTS IN ASSOCIATES, INTERESTS IN JOINT VENTURES, EQUITY INSTRUMENT AT FVTOCI

(a) On 30 November 2022, the Company and Wuling Industrial completed the acquisition of 13.76% and 13.51% interests in Liuzhou Wuling New Energy Motors Company Limited ("**Wuling New Energy**") respectively, through a capital increase agreement, pursuant to which (i) the Company made a cash contribution of RMB305,600,000 to Wuling New Energy and (ii) Wuling Industrial completed the capital contribution of RMB300,000,000 to Wuling New Energy by way of the injection of certain related assets and equipment at value of RMB84,866,000 and a cash contribution of RMB215,134,000.

(b) On 29 August 2022, the Group sold 10% of its equity in Liuzhou Lingte Power Technology Co., Ltd. ("**LiuzhouLingte**") at the appraised value of RMB22,521,000. No material gain or loss on such disposal of equity in Liuzhou Lingte has been recognized. After that, the Group no longer has a joint control or material influence on Liuzhou Lingte. The directors of the Company have elected to designate the remaining interest in Liuzhou Lingte as equity instrument at FVTOCI as it is not held for trading.

12. TRADE AND OTHER RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables:		
— SAIC-GM-Wuling Automobile Co., Limited ("**SGMW**") *(note a)*	**1,111,305**	1,519,940
— Guangxi Automobile Group (other than Wuling New Energy) *(note b)*	**40,761**	36,464
— Wuling New Energy *(note c)*	**57,308**	–
— Guangxi Weixiang Machinery Company Limited ("**Guangxi Weixiang**") *(note d)*	**4**	7
— Liuzhou AAM Automotive Driveline System Co., Limited ("**Liuzhou AAM**") *(note d)*	**1,271**	10,942
— Faurecia (Liuzhou) Automotive Seating Co., Limited ("**FL Seating**") *(note c)*	**3,732**	16
— Faurecia (Liuzhou) Automotive Interior System Co., Limited ("**FL Interior**") *(note c)*	**13,020**	10,661
— Faurecia (Liuzhou) Emission Control Technologies Co., Limited ("**FL Emission**") *(note c)*	**2,096**	10,861
— Liuzhou Leadrive Electronic Control Technology Co., Ltd. ("**Liuzhou Leadrive**") *(note c)*	**28**	–
— Third parties	**1,112,842**	743,607
	2,342,367	2,332,498
Less: Allowance for credit losses	**(78,486)**	(58,075)
Subtotal	**2,263,881**	2,274,423
Other receivables *(note e)*	**72,753**	39,082
Less: Allowance for credit losses	**(770)**	(2,250)
Subtotal	**71,983**	36,832
Prepayments	**139,514**	277,045
Value-added tax recoverable	**5,823**	76,309
Total trade and other receivables	**2,481,201**	2,664,609

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) Wuling New Energy, FL Seating, FL Interior, FL Emission and Liuzhou Leadrive are associates of the Group.

(d) Guangxi Weixiang and Liuzhou AAM are joint ventures of the Group.

(e) Included in other receivables are amount due from Guangxi Automobile of RMB3,710,000 (2021: Nil). The amount is rebate compensation for purchasing automotive components (e.g., automotive battery) from Guangxi Automobile.

Included in the trade and other receivables are trade receivables of RMB2,263,881,000 (2021: RMB2,274,423,000) and an ageing analysis of trade receivables (net of allowance for credit losses), based on the invoice date, is as follows:

	2022	2021
	RMB'000	*RMB'000*
0–90 days	**2,114,644**	2,102,850
91–180 days	**100,833**	127,228
181–365 days	**39,780**	38,530
Over 365 days	**8,624**	5,815
	2,263,881	2,274,423

As at 31 December 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB77,638,000 (2021: RMB152,565,000) which are past due at the end of the reporting period. Out of the past due balances, RMB24,207,000 (2021: RMB109,177,000) has been past due 90 days or more and is not considered as in default since these balances could be recovered based on the repayment history and the current creditworthiness of these customers. The Group does not hold any collateral over these balances.

13. BILLS RECEIVABLE AT FVTOCI

	2022	2021
	RMB'000	*RMB'000*
Bills receivable *(note i)*:		
— SGMW	**892,443**	38,004
— Guangxi Automobile Group (other than Wuling New Energy)	**2,763**	1,923
— Wuling New Energy	**6,493**	–
— Guangxi Weixiang	**6,500**	–
— Third parties	**215,341**	878,950
	1,123,540	918,877
Bills receivable discounted with recourse *(note ii)*	**3,384,607**	2,870,283
	4,508,147	3,789,160

Notes:

(i) Bills receivable represent bills received from customers to settle the trade receivables. The bills receivable are mainly bank acceptance bills with a primary maturity period of less than 180 days. The ageing analysis based on the date of receipt of bills from customers is as follow:

	2022	2021
	RMB'000	*RMB'000*
0–90 days	**747,938**	836,462
91–180 days	**375,503**	81,922
181–365 days	**99**	493
	1,123,540	918,877

(ii) The amounts represent bills receivable discounted to banks or Guangxi Automobile with recourse with a primary maturity period of less than 180 days.

The ageing analysis based on the date of receipt of bills from customers is presented as follows:

	2022	2021
	RMB'000	*RMB'000*
0–90 days	**1,493,382**	1,562,138
91–180 days	**1,891,225**	1,288,925
181–365 days	**–**	19,220
	3,384,607	2,870,283

14. TRADE AND OTHER PAYABLES

	2022	2021
	RMB'000	*RMB'000*
Trade and bills payables:		
— SGMW	**151,899**	77,959
— Guangxi Automobile Group	**43,013**	61,637
— FL Seating	**40,485**	21,990
— FL Interior	**34,284**	72,601
— FL Emission	**17,832**	37,517
— Liuzhou Leadrive	**67,079**	–
— Other related companies	**7,176**	8,386
— Third parties	**5,811,682**	6,138,016
Subtotal	**6,173,450**	6,418,106
Value added and other tax payables	**124,018**	246,918
Accrued research and development expenses	**104,004**	110,372
Accrued staff costs	**94,821**	133,337
Deposits received from suppliers	**63,765**	54,611
Other payables	**99,472**	386,874
Total trade and other payables	**6,659,530**	7,350,218

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

Trade payables

	2022	2021
	RMB'000	*RMB'000*
0 to 90 days	**2,347,911**	2,606,733
91 to 180 days	**135,884**	149,790
181 to 365 days	**180,263**	288,639
Over 365 days	**179,077**	245,364
	2,843,135	3,290,526

Bills payable

	2022	2021
	RMB'000	*RMB'000*
0 to 90 days	**1,773,920**	1,707,247
91 to 180 days	**1,556,395**	1,420,333
	3,330,315	3,127,580

15. PROVISION FOR WARRANTY

	RMB'000
At 1 January 2021	95,961
Additional provision in the year	62,134
Utilization of provision	(63,072)
At 31 December 2021 and at 1 January 2022	**95,023**
Additional provision in the year	**23,604**
Utilization of provision	**(31,475)**
At 31 December 2022	**87,152**

The Group provides warranty of certain periods to its customers on engines and other power supply system products, automotive components and accessories and commercial vehicles, under which any product defects are repaired or replaced. The amount of the provision for the warranty is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

16. SHARE CAPITAL

	Number of shares	Amount
		HKD'000
Authorized:		
Ordinary shares of HKD0.004 each *(Note i)*	25,380,350,000	101,521
Balance at 1 January 2021, 31 December 2021 and 31 December 2022		101,521
Issued and fully paid:		
Ordinary shares of HKD0.004 each		
At 1 January 2021	3,075,161,332	12,301
Top-up placing and subscription exercise (as detailed in Note ii below)	223,000,000	892
At 31 December 2021, 1 January 2022 and 31 December 2022	3,298,161,332	13,193

	2022	2021
	RMB'000	*RMB'000*
Shown in the consolidated financial statements at the end of the reporting period as	**11,782**	11,782

Notes:

i. By the respective ordinary resolutions passed by the shareholders of the Company in the Company's annual general meeting held on 16 June 2022: (i) the 1,521,400,000 authorised but unissued convertible preference shares of par value HK$0.001 each of the Company were consolidated into 380,350,000 consolidated convertible preference shares of par value HK$0.004 each of the Company; and; (ii) the 380,350,000 authorised but unissued consolidated convertible preference shares of par value HK$0.004 each of the Company were reclassified as 380,350,000 ordinary shares of par value HK$0.004 each of the Company.

ii. On 21 January 2021, the Company announced a top-up placing and subscription exercise under the general mandate obtained from the shareholders of the Company during the annual general meeting of the Company held on 30 June 2020. Upon which a total number of 223,000,000 new Shares were issued at HK$2.47 per Share, raising a net proceeds of approximately HK$537.8 million for the purposes of, inter alia, financing the research and development projects of the new model electric logistic vehicles of the Group and the repayment of certain interest-bearing short term borrowings of the Company. This top-up placing and subscription exercise, which was completed on 1 February 2021, would also help to further strengthen the financial position of the Group. Further details of this exercise are available in the Company's announcements dated 21 January 2021 and 1 February 2021. The number of Shares increased to 3,298,161,332 after the completion of this a top-up placing and subscription exercise.

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) vehicles' power supply systems; (2) automotive components and other industrial services; and (3) commercial vehicles assembly for the year ended 31 December 2022 are detailed below:

Vehicles' Power Supply Systems

Total revenue (based on external sales) of the vehicles' power supply systems division for the year ended 31 December 2022 was RMB2,896,038,000, representing an increase of approximately 5.0% as compared to previous year, which was mainly due to an increase in the business volume from our core customer, SAIC-GM-Wuling Automobile Co., Limited ("**SGMW**"). The increase was mainly attributable to the commencement of the Group's supply of the hybrid power supply systems and the related components to SGMW for the production of new energy vehicles.

Total number of engines and hybrid power supply systems sold by the subsidiaries, primarily Liuzhou Wuling Liuji Motors Company Limited ("**Wuling Liuji**"), for the year was approximately 230,000 units, representing an increase of approximately 12.2% as compared to previous year, which was mainly due to the increase in the sale volume as abovementioned.

During the year, sales to SGMW, our core customer, amounted to approximately RMB1,798,265,000, representing an increase of approximately 38.3% as compared to previous year. Amongst which, RMB468,819,000 was attributable to the new energy vehicle's business, which covered the sale revenue from the hybrid power supply systems and the electric motor control system and related components.

Meanwhile, sales to other customers, some of them with the production facilities located in the regions experiencing certain sporadic outbreak of Covid-19, were adversely affected due to stoppages and disruptions in production, especially in the first half of the year. Total sales to the external customers, primarily attributable to the engine sets with capacity range from 1.0L to 1.6L, decreased by approximately 25.7% to RMB1,084,553,000 for the year, which accounted for approximately 37% of the total revenue of this division.

Benefited from the launches of certain new energy vehicles' business including the hybrid power supply systems and the electric motor control system and related components, and the recovery of sale volume of the petrol engines in the second half of the year, the division business performance had been remarkably turnaround in which an operating profit of RMB30,155,000 was recorded by the division for the full year, as compared to the operating loss of RMB73,696,000 in 2021. Encouragingly speaking, the division's transformation from a traditional fuel engine manufacturer to a multidimensional vehicles' power system supplier extending to the business segment of different types of new energy vehicle had begun to yield positive results to the Group despite a relatively tough business environment of the automobile industry in China.

As a long standing industry leader in the manufacturing of engines for the various types of vehicles, Wuling Liuji continues to supply products to SGMW and other automobile manufacturers. 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 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 as well as the new energy vehicles segment. In addition to the upgrading projects which are implemented for the regulatory compliance policies, enhancement projects for the existing models and the new models are also formulated aiming at expanding our customer bases in the commercial and passenger vehicles segment. Following the scale operation of the newly developed high thermal efficiency Atkinson engines of the division during the year, the market position of Wuling Liuji has been further strengthened 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.

Meanwhile, to kick start the business development in the segment of new energy vehicles, the division put the primary focus on the business development and production of the electric motor control system and related components for new energy vehicles, as well as the power supply solutions for the hybrid model vehicles.

In this regard, Wuling Liuji LJP60 high-efficiency and cost effective HEV hybrid assembly units has commenced scale operation in June 2022. The launch of the HEV hybrid assembly units marked the successful breakthrough of the division from a traditional fuel engine manufacturer to a multi-dimensional vehicles' power system supplier extending to the business segment of different types of new energy vehicle. Through the construction of the core development capabilities of the two electric motors (motors and motor controllers), the division has laid out a comprehensive plan for power integration products which covers the platform of HEV, PHEV, REEV, and BEV technical routes, from which advanced, efficient, and fuel-efficient hybrid drive system products would be developed in accordance with the needs of the automobile manufacturers. As compared with traditional fuel engine vehicles with same level of capacity, based on initial study, fuel consumption of the division's HEV hybrid solution could have a saving of more than 30%.

The market launch of the division's HEV hybrid solution has also enable the Group to be recognized as the first supplier in the Guangxi region having the hybrid power integration capabilities empowered by its the three main components' production and technical capability, i.e., engine, electric motor, and motor controller system. Indeed, the division inaugurated the launch of its HEV hybrid solution with an encouraging reception from the market. Currently, a number of 12 models of vehicle from different automobile manufacturers inside and outside the Guangxi region are under development and collaboration of electrification, upstream and downstream linkage, scientific and technological innovation and development between the parties aiming at launching suitable hybrid power vehicles to the market. Scale production of these types of products during the year has benefited the business performance of the division during the year.

Driven by the business opportunities from the development trend of the "New Four Modernization" in the automotive industry, coupled with the long standing business position in the vehicle's engines segment, the Group is confident that the profitability of the vehicles' power supply systems division would be continued in the coming years.

Going forward, the division 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 (including new energy vehicles) of SGMW and other customers and the introduction of other new higher-end products will enhance the business potential and the technical capability of the division, 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 year ended 31 December 2022 was RMB6,047,688,000, representing a decrease of approximately 15.0% as compared to previous year, which was mainly due to a decrease in the business volume as affected by the unfavourable economic environment and other negative factors, such as the continuous tightening supply of the semiconductor and the sporadic outbreak of Covid-19 in certain regions in the PRC, especially in the first half of the year.

Resulting from the decline in the business volume and the impairment losses of certain account receivable balances, profitability performance of the division was adversely affected. Operating profit of the division was RMB52,742,000 for the full year, representing a decrease of approximately 40.4% as compared to previous year. The business performance of the division was nevertheless better off when compared to the loss making results in the first half of the year, thanked to the increasing business volume attributable to the core customer and new customers, as well as a mild improvement in the gross profit margin during the second half of 2022.

The automotive components and other industrial services division, undertaken by our subsidiary, Liuzhou Wuling Motors Industrial Company Limited ("**Wuling Industrial**"), continued to be the key supplier for supplying a majority portion of the key automotive components to SGMW, including their EV models. During the year, sales to SGMW through the Group or our associated companies, comprised the range of products including the brake and the chassis assembly components, car axles, body parts, interior and exterior trims such as, seat sets, cockpits, bumpers, etc, experienced a moderate decrease as a result of the general unfavourable business condition, but continued to contribute to a significant portion of the revenue of the division and the associated companies.

For further expansion and diversification, the division continued to undertake various business expansion programmes in promoting its components to other customers such as Great Wall Motors, Beiqi Foton Motors, Chery Automobile, Dongfeng Sokon, etc, which were progressing satisfactorily during the year and were able to register a mild increase as compared to previous year. During the year under review, sales to other customers accounted for approximately 27% of the total revenue of the division.

With our long and established industry experiences, the automotive components and other industrial services division of the Group is particularly strong in product design and development. Our 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 customers can be properly taken care of. For further expansion of the business volume and the improvement of profitability, the component products of the division had shifted our focus to the commercial and passenger vehicles segment, which covered primarily the MPV and SUV segments, pickup trucks as well as the new energy vehicles.

Meanwhile, as explained above, through continuous efforts of market diversification, the division actively made unremitting efforts in optimizing our product and customer structure, strived to expand the external market other than SGMW by covering the business potential arising from other external customers. The initial responses from these diversification projects, including Great Wall Motor's frame supply project, Beiqi Foton Motor's rear axle project and Chongqing Ruichi's electric rear axle project were all encouraging. On the back of our technical capability and the upcoming market trend, special focus is being placed on the new energy sector. Since the second half of 2020, the division have developed and launched production of electric drive axles for mini-commercial vehicles, light commercial vehicles and passenger vehicles, which have been recognized by our major customer SGMW and other automobile manufacturers. As a special remark, the number of electric drive axles supplied by the Group to the market had already exceeded the 1 million milestone during the year, impressively demonstrated the market position of the division in the business aspect of new energy vehicles' components.

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 Hubei, 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.

To cope with the existing and the future business opportunities, the Group had continuously undertaken capacity expansion and upgrading programmes across its main production bases in the Liuzhou region, which are located in the Liudong district and the Hexi Industrial Park, as well as the other two main production bases located in Qingdao and Chongqing, all of them having the advantage of close proximity to the respective production bases of SGMW. Following the completion of the large scale expansion and revamping programmes in the last few years, the division is now equipped with a combined annual production management capacity in excess of 2 million sets/units of automotive components, which enables us to target for the business opportunities from all sizable automobile manufacturers.

To further extending its products and services to other customers, the Group has also recently set up production facilities in Jingmen, in the Hubei province. The production facilities in Jingmen which has started initial operation in the second half of 2022 is primarily set up for supplying automotive components to another prominent car manufacturer, Great Wall Motors, which is expected to have promising business potential.

The division is also committed to promptly congregating the new momentum driven by new industries, new formats and new models to support and spearhead our business goal of high quality development. In terms of automation applications, the division has completed the majority portion of its key production bases with the construction of more than 100 automatic production lines and the installation of nearly 1,000 industrial robots. As for application of intelligence computerization, the division has achieved comprehensive flexibility methodology in our production lines. As a result, both production efficiency and on-site response had been impressively improved.

Despite the negative impact from the COVID-19 issue, the Group's overseas production plants in Indonesia and India were able to deliver sets of satisfactory results during the year. Benefited from the growing demands locally, 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 continued to generate a profitable result in the year 2022. The Group is optimistic that being the fourth largest population country in the world and in consideration of its recent economic development, 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 continue to benefit from this positive business environment.

Meanwhile, the production plant of the Group in India, which has a smaller scale of operation and targeted for the automotive component business of a renowned PRC car manufacturer continued to maintain its profitability in the year 2022.

Going forward, the Group considers the competitive strength of SGMW, its key customer in the market, 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.

Commercial Vehicles Assembly

Total revenue (based on external sales) of the commercial vehicles assembly division undertaken by Wuling Industrial for the year ended 31 December 2022 was RMB3,619,542,000, representing a significant decrease of approximately 19.4% as compared to previous year which was affected by the restructure exercise of the business of the Group's new energy vehicles as below mentioned.

Meanwhile, business volume of the commercial vehicles assembly division was also adversely affected by the unfavourable factors during the first half of 2022, including the epidemic prevention and control measures adopted in China, shortage in supply of the semiconductor and battery as well as the periodic closure and control measures of the scenic spots, from which the sale volume of certain models refitted vehicles were the most heavily affected which experienced different extent of decline in sales.

During the year under review, Wuling Industrial sold approximately 67,600 different models of vehicles, representing a significant decrease of 31% as compared to the sale volume of approximately 98,000 vehicles as reported in previous year. When taking out the number of new energy logistic vehicles from the calculation, the decrease would be approximately 32.6% on a year-on-year basis. Amongst the number of vehicles being sold, the number of new energy logistic vehicles being sold by Wuling Industrial prior to the restructure exercise of the business of the Group's new energy vehicles as below mentioned was approximately 8,300 vehicles, whereas, sale volume of refitted vehicles and other types of vehicles (primarily sightseeing vehicles) were approximately 55,400 vehicles and approximately 3,900 vehicles respectively, registering declines of 34% and 9% respectively as compared to previous year.

Despite the lower business volume and the impairment losses made against certain plant and equipment and trade receivable balances, benefited from certain one off factors including the gain in disposals of certain assets and the transfer of patents of the Group in relation to the restructure exercise of the Group's new energy vehicles business which was completed in the second half of the year 2022, the division was able to register an operating profit of RMB21,950,000 for the year as compared to the operating profit of RMB18,156,000 as recorded in previous year.

The commercial vehicles assembly division operates comprehensive car assembly lines which cover the production processes of welding, painting and assembly. The division has capability to produce various types of specially designed vehicles which serves the different needs of market, such as sightseeing bus, golf cart, container wagon, refrigerator vehicle, police car, fire truck and electric logistic 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 commercial vehicles assembly division is originated from the long standing industry experiences of the Group. In fact, the models designed and developed by the Group are mainly branded as “Wuling”, which is a benchmark of quality products and services in the market in itself. Besides, in line with the national policies relating to environment protection and the promotion of clean energy, the division had put effort at playing an important part in the new energy vehicle segment in 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 had also 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 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 had 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 vehicles for commercial use with improved quality and added features in response to market demands and enhanced regulatory standards, such as the hot-selling side-open container wagon (stall car), electric logistic vehicle and the refrigerated truck. The Group is confident that the launches of these new models will be beneficial to the business performance of the division. Currently, production facilities of the commercial vehicles assembly division of the Group are situated in Liuzhou, Qingdao and Chongqing. Taking the advantage of having an existing operation in Chongqing, the Group has completed the construction of a production plant for the assembly of commercial vehicles in the production facilities in Chongqing, which will not only expand the capacity of the commercial vehicles assembly division, but also facilitate geographical diversification which enables the benefits of quality services and cost effectiveness.

Indeed, prior to the below mentioned restructure exercise, the division had made significant breakthroughs in the new energy vehicle market segment, in which an aggregate sale volume of over 20,000 electric logistic vehicles had been sold since its launch in 2020. Furthermore, it had also gradually built up a nationwide distribution network across the country with over 130 dealerships. More remarkably, the division had also extended its products to overseas markets including Japan and the United States, which are renowned as the leaders in the global automobile industry. Sale volume of these orders, where the division continued to act as the principal sale agent, are expected to be gradually increased in coming years.

These solid business platforms and experiences in the new energy vehicles segment essentially paved the way for the restructure exercise of the business of the Group’s new energy vehicles which took place in this year as below mentioned.

The Group has actively formulated appropriate strategies to expedite the business development in the new energy vehicle. As reported earlier, our parent company, Guangxi Automobile Holdings Limited ("**Guangxi Automobile**"), has completed the construction of a new production base for the new energy vehicle in Liuzhou with a targeted annual production capacity of 200,000 vehicles, which could serve as a strategic back up to the Group in grasping the future business potential from the new energy vehicle business segment. This new production base which covers a site area of about 550,000 square meters, is constructed with the state-of-the-art technology in the automobile industry in the PRC and installed with the advance automated production lines which perform the requisite welding, painting and final assembly processes for the production of new energy vehicles.

In order to accelerate the expansion of the Group's new energy vehicle business in meeting the increasing business opportunities arisen from the new energy vehicle market segment, on 31 March 2022, the Company entered into a capital increase agreement with Guangxi Automobile, Wuling Industrial and Liuzhou Wuling New Energy Motors Company Limited ("**Wuling New Energy**"), a wholly-owned subsidiary of Guangxi Automobile, pursuant to which, the Company conditionally agreed to make a cash contribution of RMB305,600,000 to Wuling New Energy and Wuling Industrial conditionally agreed to make a capital contribution of RMB300,000,000 to Wuling New Energy by way of (i) the injection of certain related assets and equipment currently engaged in the new energy business at value of RMB84,866,478.39; and (ii) cash contribution of RMB215,133,521.61 (part of which will be utilized by Wuling New Energy in acquiring the patent packages and certain inventory and tooling molds from Wuling Industrial (the "**Capital Increase and Restructure**").

The Group, including the Company and Wuling Industrial and Guangxi Automobile planned to use Wuling New Energy as a platform to integrate and reorganize the new energy vehicle related assets and businesses focusing on the research and development, manufacture and sale of new energy vehicles, including the highly competitive electric vehicles, plug-in hybrid new energy vehicles and other new energy smart travel products. Completion of the Capital Increase and Restructure will enable the Group, including the Company and Wuling Industrial and Guangxi Automobile, to have an advance and sizable production facilities for implementing the business strategies and programmes arising from the new energy vehicles segment. It is also planned that Wuling Industrial and its subsidiaries will be the strategic key suppliers to Wuling New Energy following its commencement of operations by supplying automotive components and parts for its production of new energy vehicles.

The Group believes that the Capital Increase and Restructure will not only provide a solid foundation to Wuling New Energy for implementing future business projects in the new energy vehicles segment, but also provide Wuling Industrial with the opportunity to further streamline its existing operation in the commercial vehicles assembly division which will be conducive to business performance of the division in future.

The Capital Increase and Restructure was approved by the independent shareholders of the Company on 29 June 2022 and was subsequently completed on 30 November 2022. From then onwards, Wuling New Energy has become an associate of the Group.

The Group would strive to maintain a prominent market share of our existing popular models, and at the same time, explore the opportunity for future growth potential to further improving the profitability of the commercial vehicles assembly division, through implementation of active business strategies in promoting new models, including different models of refitted vehicles, non-road vehicles and special purpose vehicles on the back of the favourable government policy and the specific needs in the market. The Group considers vertical integration of the key automotive components in its commercial vehicles assembly business will provide a solid back up and enhance our competitive strength in the industry.

Besides, the division has also commenced the production of motor cycles during the year, aiming at providing a wide range of motor cycle products in serving the specific needs of different customers.

Going forward, the commercial vehicles assembly division will continue to undertake research and development projects for new product, technical and capability improvement with the support from the other divisions, namely the vehicles' power supply systems division and the automotive components and other industrial services division. Whilst the Group envisages the challenges facing this division, it remains confident in the long term business potential of this business segment in view of our long standing competitive strength in the industry.

Performance of Joint Ventures and Associates

Wuling New Energy which is owned as to 13.76% by the Company and 13.51% by Wuling Industrial and formed with Guangxi Automobile for pursuing the new energy vehicles business, including the highly competitive electric vehicles, plug-in hybrid new energy vehicles and other new energy smart travel products, as more fully described under the "Commercial Vehicles Assembly" business segment has become the Group's associate following the completion of the abovementioned Capital Increase and Restructure on 30 November 2022. During its first year of operation, Wuling New Energy sold approximately 6,200 new energy vehicles, which comprised primarily different models of electric logistic vehicles. Aggregating to the 8,300 new energy logistic vehicles being sold by Wuling Industrial prior to the Capital Increase and Restructure, total number of new energy logistic vehicles being sold in 2022 amounted to approximately 14,500 vehicles, representing a significant increase of 45% as compared to the sale volume of approximately 10,000 vehicles as reported under Wuling Industrial in previous year. During the year under review, Wuling New Energy incurred a net operating loss as it was still operating at its initial stage, in which loss attributable to the Group amounted to RMB8,386,000, which was calculated based on the completion date of the Capital Increase and Restructure.

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 year by registering a total revenue of RMB601,146,000, representing a year-on-year decrease of 27.9% as compared to previous year. The decrease in the business volume was mainly caused by the sporadic outbreak of Covid-19 in certain regions in the PRC, especially in the first half of the year. Due to the decline in business volume, net operating profit was decreased by 4.2% to RMB14,090,000 (as compared to the net operating profit of RMB14,705,000 as achieved in previous year), in which profit of RMB7,045,000 was attributable to the Group.

Faurecia (Liuzhou) Automobile Seating Co., Limited ("**FL Seating**") which is 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 fifth year of operation in 2022. 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. During the year, despite a relatively weak market environment as a result of the general slowdown of the automobile industry in the PRC, as well as such unfavourable factors as the continuous tightening supply of the semiconductor and the sporadic outbreak of Covid-19 in certain regions in the PRC, thanked to an impressive recovery of business, especially in the second half of 2022, FL Seating was managed to maintain its business volume by registering a total revenue of RMB309,412,000 for the full year under review. Benefited from this positive factor, net operating loss was reduced substantially to RMB1,976,000 as compared to the net operating loss of RMB18,935,000 as incurred in previous year, in which loss of RMB988,000 was attributable to the Group.

Faurecia (Liuzhou) Automobile Interior System Co., Limited ("**FL Interior**"), which is 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 fifth year operation in 2022. 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. During the year, despite the unfavourable factors as mentioned above, same as FL Seating, as benefited from an impressive recovery of business, especially in the second half of 2022, FL Interior was managed to maintain its business volume by registering a total revenue of RMB367,590,000 for the full year under review. Meanwhile, due to continued improvement in the gross profit margin, net operating profit was increased significantly to RMB19,130,000 during the year, as compared to the net operating profit of RMB3,388,000 as achieved in previous year, in which profit of RMB9,565,000 was attributable to the Group.

Faurecia (Liuzhou) Emission Control Technologies Co., Limited ("**FL Emission**"), which is 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 entered the fourth year operation in 2022. The cooperation 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. During the year under review, decrease in business volume as affected by abovementioned adverse factors continued to hit the business performance of FL Emission, where total revenue was reduced to RMB460,512,000 from which the net operating profit was reduced to RMB2,342,000, in which profit of RMB1,171,000 was attributable to the Group.

Liuzhou AAM Automotive Transmission System Co., Ltd ("**AAM JV**"), 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 entered into its fourth year of operation in 2022. 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 high-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 year, AAM JV continued to steadily expanding its operation by registering a total revenue of RMB80,857,000, representing an increase of approximately 39.2% as compared to previous year. However, due to a relatively weak market environment as a result of the general slowdown of the automobile industry in the PRC, as well as such unfavourable factors as the continuous tightening supply of the semiconductor and the sporadic outbreak of Covid-19 in certain regions in the PRC, especially in the first half of 2022, AAM JV continued to incur a net operating loss of RMB19,082,000 for the year under review, which was further increased as compared to the net operating loss of RMB16,859,000 as incurred in previous year, in which loss of RMB9,541,000 was attributable to the Group.

Meanwhile, Qingdao Lanqi Liuji Motors Technology Company Limited ("**Qingdao Lanqi**") and Liuzhou Leadrive in which the Group is interested in 23% and 40% respectively, were all yet to commence scale operation during the year under review and therefore incurred different extent of net operating losses for the year.

Financial Review

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Group's total revenue for the year ended 31 December 2022 was RMB12,595,607,000, representing a decrease of 12.6% as compared to previous year. The decrease was mainly attributable to the decreases in revenue of the automotive components and other industrial services division and the commercial vehicles assembly division. The continuous tightening supply of the semiconductor and the sporadic outbreak of Covid-19 in certain regions in the PRC, especially in the first half of the year had adversely affected the business performance of these two divisions. Moreover, the business volume of the commercial vehicles assembly division was also affected by the restructure exercise of the business of the Group's new energy vehicles as more fully described under the "Commercial Vehicles Assembly" business segment as abovementioned. Meanwhile, the business performance of the automotive component and other industrial services division was nevertheless better off in the second half of the year, thanked to the increasing business volume attributable to the core customer and new customers.

Gross profit for the year under review was RMB908,488,000, representing a decrease of 16.3% as compared to previous year, which was mainly attributable to the abovementioned decline in the business volume. Meanwhile, gradual recovery of business, coupled with a mild improvement in the gross profit margin in the second half of the year had benefited the profitability performance, from which the gross profit margin achieved by the Group was only slightly declined to 7.2% for the full year as compared to the 7.5% recorded for previous year.

The profitability performance of the Group for the year under review was further enhanced by the reduction in the Group's expenditures across the aspects of selling and distribution, general and administrative, and research and development, as well as certain one off factors including the gain in disposals of certain assets of the Group in relation to the restructure exercise of the Group's new energy vehicles business which was completed in the second half of the year 2022. Hence, despite the impairment losses on certain account receivable balances of the Group amounting to approximately RMB18,931,000 and those made against certain plant and equipment of the commercial vehicles assembly division amounting to approximately RMB22,000,000 for the year ended 31 December 2022, the Group reported a net profit of RMB40,038,000 which was improved as compared to the net loss of RMB45,860,000 recorded for previous year, whereas, the profit attributable to the owners of the Company also improved to RMB22,611,000, as compared to the loss attributable to the owners of the Company of RMB24,148,000 for previous year.

Accordingly, basic earnings per share for the year ended 31 December 2022 was RMB0.69 cent, which was improved as compared to the basic loss per share of RMB0.74 cent as recorded in previous year, whereas, fully diluted earnings per share for the year under review was RMB0.69 cent as there is no dilution effect for the year.

Other income comprised primarily bank interest income, income from the transfer of patents relating to the restructure exercise of the Group's new energy vehicles business, government grants and subsidies, sales of scrap materials and parts and other sundry income was in aggregate RMB214,760,000 for the year ended 31 December 2022, which remained stable as compared to previous year.

Other gains and losses amounted to a net aggregate loss of RMB10,724,000 for the year ended 31 December 2022, which comprised primarily the combined results of the gain in disposals of certain assets (including those relating to the restructure exercise of the Group's new energy vehicles business) amounting to approximately RMB15,919,000, decrease in fair value of investment properties amounting to RMB1,745,000, impairment losses against certain plant and equipment of the commercial vehicles assembly division amounting to approximately RMB22,000,000, gain on fair value change of financial assets/liabilities at fair value through profit or loss of RMB13,661,000 and net exchange loss of RMB16,199,000.

Share of results of associates reported total net loss of RMB2,546,000 for the year ended 31 December 2022 representing primarily the combined result of the net operating profits attributable to FL Emission and FL Interior and the net operating losses incurred by Wuling New Energy and Liuzhou Leadrive. During the year, despite a relatively weak market environment as a result of the general slowdown of the automobile industry in the PRC, as well as such unfavourable factors as the continuous tightening supply of the semiconductor and the sporadic outbreak of Covid-19 in certain regions in the PRC, thanked to an impressive recovery of business, especially in the second half of 2022, FL Emission and FL Interior were both managed to maintain their business volume and deliver a set of profitable results for the year. Meanwhile, FL Seating incurred losses due to a decrease in business volume, whereas, Wuling New Energy and Liuzhou Leadrive were loss making due to their initial stage of operation.

Share of results of joint ventures reported an aggregate net loss of RMB3,788,000 for the year ended 31 December 2022, which were mainly attributable to the net operating losses of AAM JV, where the business performance continued to be affected by the unfavourable market environment, and Qingdao Lanqi, which was due to its initial stage of operation. Meanwhile, the business of Guangxi Weixiang continued to be solid and was able to remain profitable for the year under review.

Selling and distribution costs of the Group comprised primarily warranty expenses and other marketing expenses were in aggregate RMB116,342,000 for the year ended 31 December 2022, representing a substantial decrease of 50.0% as compared to previous year which was mainly due to the reclassification of transportation expenses to cost of sales and services and was also in line with the decrease in business volume for the year under review.

General and administrative expenses of the Group comprised primarily salary and allowances, various insurance expenses, rental expenses and other administrative expenses were in aggregate RMB488,015,000 for the year ended 31 December 2022, representing a decrease of 15.5% as compared to previous year. The decrease was mainly attributable to a cost restructure exercise where the staff costs directly related to the research and development functions of the Group were re-designated as the Group's research and development expenses for the year. The Group considers this cost restructure exercise would help to provide the management with an appropriate performance data in facilitating the effective assessment and decision making processes of the Group. Facing the tough and highly competitive business environment, the Group also 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 year ended 31 December 2022 amounted to RMB319,465,000, representing a decrease of 21.8% as compared to previous year. Despite the abovementioned cost restructure exercise and the continuous launches of new products and the implementation of certain technological upgrade and enhancement projects by the Group, a reduction in the research and development expenses was experienced as a result of the completion the restructure exercise of the business of the Group's new energy vehicles as more fully described under the "Commercial Vehicles Assembly" business segment from which the research and development expenses in relation to the new energy vehicles was now borne by the joint venture company, Wuling New Energy. Nevertheless, the Group will continue to prudently carry out appropriate research and development projects in accordance with the strategic plan in furthering its future business opportunities.

Finance costs for the year ended 31 December 2022 amounted to RMB116,840,000, which maintained at the same level as compared to previous year. Despite an increase in the borrowing and bill discounting activities by the Group for the year under review, finance costs were contained at the same level due to lower interest rates.

Consolidated Statement of Financial Position

As at 31 December 2022, total assets and total liabilities of the Group stood at RMB15,545,416,000 and RMB12,665,535,000 respectively.

Non-current assets amounted to RMB4,706,670,000 comprised mainly property, plant and equipment, right-of-use assets, investment properties, interests in joint ventures and associates, etc. The total carrying values of the property, plant and equipment had taken into account of the total capital expenditure of RMB289,889,000 arising from the acquisition of property, plant and equipment, depreciation charge of RMB435,874,000 and the decrease in fair value of investment properties of RMB1,745,000 incurred for the year under review.

Current assets amounted to RMB10,838,746,000 comprised mainly inventories of RMB1,250,225,000, trade and other receivables of RMB2,481,201,000, bills receivable at fair value through other comprehensive income of RMB4,508,147,000 (inclusive of bills receivable discounted with recourse but not yet matured amounting to RMB3,384,607,000), financial assets at fair value through profit or loss amounting to RMB13,661,000, pledged bank deposits of RMB608,076,000 and bank balances and cash of RMB1,974,617,000. Amount due from SGMW, a related company and a key customer in the vehicles' power supply system and automotive components businesses of the Group amounted to RMB1,111,305,000 was recorded as trade and other receivables in the consolidated statement of financial position. These receivables balances were subject to normal commercial settlement terms.

Current liabilities amounted to RMB11,771,427,000, comprised mainly trade and other payables of RMB6,659,530,000, contract liabilities of RMB147,413,000, lease liabilities of RMB54,884,000, provision for warranty of RMB87,152,000, bank and other borrowings — due within one year of RMB1,426,451,000 and advances drawn on bills receivable discounted with recourse of RMB3,395,997,000. The corresponding bills receivable discounted with recourse to these advances amounting to RMB3,384,607,000 were recorded as bills receivable at fair value through other comprehensive income as at 31 December 2022, which would be offset against upon maturity.

The Group recorded net current liabilities of RMB932,681,000 as at 31 December 2022, which was decreased as compared to the net current liabilities of RMB1,414,495,000 as at 31 December 2021. The decrease was mainly due to the raising of certain long term bank borrowings during the year.

Non-current liabilities amounted to RMB894,108,000 comprised mainly bank and other borrowings of RMB822,329,000, lease liabilities of RMB33,638,000, contract liabilities of RMB8,006,000 and deferred tax liability of RMB30,135,000.

Liquidity and Capital Structure

During the year ended 31 December 2022, 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 bills receivable 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 31 December 2022, total bank and other borrowings were increased by 44.3% to RMB2,248,780,000 as compared to the position as at 31 December 2021, in which RMB822,329,000 were having repayment terms of more than one year. Meanwhile, the outstanding advances drawn on bills receivable discounted with recourse increased to RMB3,395,997,000. The corresponding bills receivable discounted with recourse to these advances amounting to RMB3,384,607,000 were recorded as bills receivable at fair value through other comprehensive income which would be offset against upon maturity. During the year under review, the Group discounted total bills receivables amounting to approximately RMB9,266,127,000 for providing the necessary fundings for its daily operations, in which approximately RMB921,854,000 were discounted to Guangxi Automobile.

As at 31 December 2022, the cash at bank balances (together with the pledged bank deposits) were moderately increased by 4.2% to RMB2,582,693,000 as compared to the position as at 31 December 2021.

Total equity attributable to the shareholders of the Company, comprised primarily the share premium, statutory reserve, contributed surplus, capital reserve, other reserves and retained profits, amounted to RMB1,913,112,000 as at 31 December 2022. Net asset value per share was approximately RMB58.0 cents as at 31 December 2022.

In view of the dynamic business environment and the risks and exposures associated with the automobile industry, the Group had been and would cautiously implement 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 gearing ratio 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 market environment.

In this regard, the Group will continue to closely monitor the liquidity and financial position of the Group, as well as the market environment (including the unprecedented adverse issues) and the financial market from time to time in order to arrive at an appropriate financial strategy for the Group.

DIVIDEND

The Directors recommended the payment of a final dividend of HKD0.3 cent per Share for the year ended 31 December 2022 (the "**Final Dividend**") (2021: HKD 0.3 cent) to the Shareholders whose names shall be on the register of members of the Company on Friday, 23 June 2023, amounting to approximately HKD9,894,000 (equivalent to approximately RMB8,451,000). Subject to the approval by the Shareholders in the forthcoming annual general meeting of the Company to be held on Friday, 9 June 2023 (i.e., the 2023 AGM), dividend warrants of the Final Dividend will be dispatched to Shareholders on or before 31 July 2023.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 6 June 2023 to Friday, 9 June 2023 (both dates inclusive), for the purpose of determining the Shareholders' eligibility to attend and vote at the 2023 AGM and during which period no transfer of the Shares will be effected. In order to qualify for attendance of the 2023 AGM, all completed transfer forms accompanied by the relevant share certificates of the Company must be lodged with the Company's branch share registrar, Tricor Tengis Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 5 June 2023. The time and venue of the 2023 AGM will be advised in due course.

The register of members of the Company will be closed from Monday, 19 June 2023 to Friday, 23 June 2023 (both days inclusive), for the purpose of determining the Shareholders' entitlement to the Final Dividend and during which period no transfer of the Shares will be effected. In order to qualify for the Final Dividend, all completed transfer forms accompanied by the relevant share certificates of the Company must be lodged with the Company's branch share registrar, Tricor Tengis Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 16 June 2023.

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 year ended 31 December 2022 (2021: Nil).

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of good corporate governance to the Company's healthy growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the Company's needs. The late Mr. Lee Shing, former chief executive officer and executive Director has been delegated with the authorities for the overall operations and the executive responsibilities of the Group and full implementation of the directions and policies established by the Board. Following the passing away of Mr. Lee Shing on 23 January 2022, these duties were temporarily delegated to the chairman of the Board, Mr. Yuan Zhijun and the company secretary of the Company. The Board considers that accountability and independence have not been compromised despite the temporary delegation of the duties and role of the Company's chief executive officer to the chairman of the Board having considered: (i) with half of the Board comprising independent non-executive Directors, the Board is of the view that there is a sufficient element of independence and adequate safeguards against a concentration of power in one single person; (ii) formal procedures are in place to ensure decisions arrived at by the Board are being made following a deliberated thought-out process so as to ensure that the decision making process of the Group would not be unnecessarily hindered; and (iii) the corporate and business strategies based on the Group's corporate objectives, together with the associated financial and operational policies of the Company are made collectively after thorough discussion and evaluation at the level of the Board and the management. In addressing this issue, on 29 March 2023 and as detailed below, Mr. Song Wei was appointed as the chief executive officer of the Company who is responsible for the running of the executive functions of the Company. During the year ended 31 December 2022, save as disclosed above, 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 to all of the directors of the Company. All of them have confirmed that they have complied with the Own Code and the Model Code throughout the year.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**"), comprising the three independent non-executive Directors of the Company, namely Mr. Ye Xiang (the Chairman), Mr. Wang Yuben and Mr. Mi Jianguo, and non-executive Director, Mr Li Zheng, has been established in accordance with the requirements of the Listing Rules, for the purpose of reviewing and providing, inter alia, supervision over the Group's financial reporting system, risk management and internal control system. The terms of reference of the Audit Committee are disclosed on the websites of the Company and Hong Kong Exchange and Clearing Limited respectively.

The Audit Committee reviewed the accounting principles and practices adopted by the Company for the year ended 31 December 2022 before such documents were tabled for the Board's review and approval, discussed matters relating to audit, internal control system and financial reporting processes and reviewed this preliminary results announcement for the year ended 31 December 2022 of the Group. The Audit Committee is of the opinion that such documents complied with all the applicable accounting standards, the Listing Rules and other applicable legal requirements and that adequate disclosures have been made, if required.

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2022 as set out in this preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2022 containing all information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of Hong Kong Exchange and Clearing Limited at www.hkexnews.hk and the Company at www.wuling.com.hk in due course.

APPOINTMENT OF NON-EXECUTIVE DIRECTOR

Mr. Li Zheng ("**Mr. Li**") was appointed as a non-executive Director, a member of each of the Audit Committee, nomination committee, remuneration committee and environmental, social and governance committee of the Company on 24 August 2022.

Mr. Li is the brother of the late Mr. Lee Shing, who was the former vice-chairman of the Board, the former chief executive officer and a former executive Director of the Company and the beneficial owner of Dragon Hill Development Limited, a substantial shareholder of the Company.

APPOINTMENT OF CHIEF EXECUTIVE OFFICER OF THE COMPANY

On 29 March 2023, Mr. Song Wei was appointed as the chief executive officer of the Company who will be responsible for the running of the executive functions of the Company. His appointment would help to ensure the management of the Company would have a balance of power and authority and to avoid the concentration of power and responsibilities on one individual of the Company.

Further details regarding the appointment of Mr. Song Wei as the chief executive officer of the Company have been disclosed in the Company's announcement dated 29 March 2023.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Yuan Zhijun (Chairman), Mr. Yang Jianyong and Mr. Wei Mingfeng as executive Directors, Mr. Li Zheng as non-executive Director and Mr. Ye Xiang, Mr. Wang Yuben and Mr. Mi Jianguo as independent non-executive Directors.

On behalf of the Board
Yuan Zhijun
Chairman

Hong Kong, 29 March 2023