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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 2023

FINANCIAL HIGHLIGHTS

	2023	2022	Change
	RMB'000	*RMB'000*	*+/– (%)*
Revenue	**10,483,933**	12,595,607	–16.8%
Gross profit	**1,036,999**	908,488	+14.1%
Profit for the year	**69,456**	40,038	+73.5%
Profit attributable to the owners of the Company	**23,477**	22,611	+3.8%
Earnings per share			
Basic	**RMB0.71 cent**	RMB0.69 cent	+2.9%
Diluted	**RMB0.71 cent**	RMB0.69 cent	+2.9%
Final dividend	**HKD0.5 cent**	HKD0.3 cent	+66.7%

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 2023 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 2023

	NOTES	2023 RMB'000	2022 RMB'000
Revenue	4		
Goods and services		**10,448,024**	12,563,268
Rental		**35,909**	32,339
Total revenue		**10,483,933**	12,595,607
Cost of sales and services		**(9,446,934)**	(11,687,119)
Gross profit		**1,036,999**	908,488
Other income	5(a)	**214,407**	214,760
Other gains and losses	5(b)	**5,095**	(10,724)
Impairment losses under expected credit loss model, net of reversals of impairment losses		**(28,878)**	(18,931)
Selling and distribution costs		**(139,653)**	(116,342)
General and administrative expenses		**(498,263)**	(488,015)
Research and development expenses		**(306,556)**	(319,465)
Share of results of associates		**(82,066)**	(2,546)
Share of results of joint ventures		**(3,116)**	(3,788)
Finance costs	7(a)	**(120,508)**	(116,840)
Profit before taxation	7	**77,461**	46,597
Income tax expense	6	**(8,005)**	(6,559)
Profit for the year		**69,456**	40,038
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		**3,608**	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		**3,071**	4,058
Fair value gain on bills receivable at FVTOCI		**4,323**	2,439
Other comprehensive income for the year		**11,002**	12,450
Total comprehensive income for the year		**80,458**	52,488

	NOTES	2023 RMB'000	2022 RMB'000
Profit for the year attributable to:			
Owners of the Company		**23,477**	22,611
Non-controlling interests		**45,979**	17,427
Total		**69,456**	40,038
Total comprehensive income for the year attributable to:			
Owners of the Company		**31,378**	31,779
Non-controlling interests		**49,080**	20,709
Total		**80,458**	52,488
Earnings per share	*9*		
Basic		**RMB0.71 cent**	RMB0.69 cent
Diluted		**RMB0.71 cent**	RMB0.69 cent
Dividend	*8*		
Interim dividend		**Nil**	Nil
Final dividend		**HKD0.5 cent**	HKD0.3 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	NOTES	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*10(c)*	**2,806,820**	2,910,411
Right-of-use assets	*10(b)*	**224,074**	272,539
Intangible assets		**95,552**	60,942
Investment properties	*10(a)*	**436,351**	441,915
Interests in associates	*11(a)*	**770,360**	854,226
Interests in joint ventures	*11(b), (c)*	**120,440**	102,056
Deposits paid for acquisition of property, plant and equipment		**5,824**	19,874
Equity instrument at FVTOCI	*11(d)*	**42,765**	44,707
		4,502,186	4,706,670
CURRENT ASSETS			
Inventories		**806,403**	1,250,225
Trade and other receivables	*12*	**2,926,814**	2,481,201
Bills receivable at FVTOCI	*13*	**3,669,416**	4,508,147
Financial assets at fair value through profit or loss ("**FVTPL**")		**–**	13,661
Prepaid tax		**163**	2,819
Pledged bank deposits		**528,997**	608,076
Bank balances and cash		**2,616,795**	1,974,617
		10,548,588	10,838,746
CURRENT LIABILITIES			
Trade and other payables	*14*	**6,169,357**	6,659,530
Contract liabilities		**143,368**	147,413
Lease liabilities	*10(b)*	**57,183**	54,884
Provision for warranty	*15*	**105,481**	87,152
Bank borrowings		**1,276,201**	1,426,451
Advances drawn on bills receivable discounted with recourse		**3,274,069**	3,395,997
		11,025,659	11,771,427
NET CURRENT LIABILITIES		**(477,071)**	(932,681)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,025,115**	3,773,989

	NOTES	2023 RMB'000	2022 RMB'000
NON-CURRENT LIABILITIES			
Contract liabilities		**6,540**	8,006
Lease liabilities	*10(b)*	**103**	33,638
Bank borrowings		**1,034,598**	822,329
Deferred tax liabilities		**33,167**	30,135
		1,074,408	894,108
NET ASSETS		**2,950,707**	2,879,881
CAPITAL AND RESERVES			
Share capital	*16*	**11,782**	11,782
Reserves		**1,923,076**	1,901,330
Equity attributable to owners of the Company		**1,934,858**	1,913,112
Non-controlling interests		**1,015,849**	966,769
		2,950,707	2,879,881

NOTES
FOR THE YEAR ENDED 31 DECEMBER 2023

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 RMB477 million as at 31 December 2023 (31 December 2022: RMB933 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 Group has applied the following new and amended HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- HKFRS 17, Insurance contracts

- Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates

- Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies

- Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

- Amendments to HKAS 12, Income taxes: International tax reform — Pillar Two model rules

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Save for the disclosure below, none of the remaining new and amended HKFRs have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities in the annual financial statements, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

Amendments to HKAS 12, Income taxes: International tax reform — Pillar Two model rules

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("**OECD**") (income tax arising from such tax laws is hereafter referred to as "**Pillar Two income taxes**"), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax. The amendments are immediately effective upon issuance and require retrospective application. As the new tax laws are not yet effective, the Group does not expect any current tax impact for the year ending 31 December 2023 (2022: nil).

4. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue

	Notes	2023 RMB'000	2022 RMB'000
Types of goods and services			
Sales of engines and related parts and other power supply products	*(a)*	**2,479,958**	2,896,038
Sales of automotive components and accessories	*(b)*	**5,246,576**	5,122,212
Sales of specialized vehicles (including new energy vehicles)	*(c)*	**1,838,271**	3,619,542
Trading of steels	*(b)*	**764,260**	819,545
Provision of water and power supply	*(b)*	**118,959**	105,931
Revenue from contracts with customers within scope of HKFRS 15		**10,448,024**	12,563,268
Revenue from gross rental income		**35,909**	32,339
		10,483,933	12,595,607
Timing of revenue recognition			
A point in time		**10,329,065**	12,457,337
Over time		**154,868**	138,270
Total		**10,483,933**	12,595,607
Geographical markets			
Mainland China		**10,323,953**	12,428,920
Others		**159,980**	166,687
Total		**10,483,933**	12,595,607

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 bank interest income, net exchange loss, share of results of associates and joint ventures, fair value change 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 2023

	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	**2,479,958**	**6,129,795**	**1,838,271**	**35,909**	**–**	**10,483,933**
Inter-segment revenue	**18,719**	**101,117**	**6,392**	**–**	**(126,228)**	**–**
Total	**2,498,677**	**6,230,912**	**1,844,663**	**35,909**	**(126,228)**	**10,483,933**
Segment profit (adjusted EBIT)	**25,686**	**91,444**	**62,782**	**27,972**		**207,884**
Bank interest income						**105,784**
Change in fair value of financial assets at FVTPL						**2,819**
Net exchange loss						**(1,087)**
Central administrative costs						**(32,249)**
Share of results of associates						**(82,066)**
Share of results of joint ventures						**(3,116)**
Finance costs						**(120,508)**
Profit before taxation						**77,461**

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 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

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:

	2023	2022
	RMB'000	*RMB'000*
Bank interest income	**105,784**	100,413
Government grants *(note i)*	**32,843**	15,709
Sales of scrap materials, parts and others	**39,696**	14,152
Machinery and other property rental income *(note ii)*	**1,819**	3,501
Service income on repairs and maintenance	**7,458**	15,061
Income on use of technology knowhow	**1,466**	1,466
Income from the transfer of patents	**10,258**	51,572
Others	**15,083**	12,886
	214,407	214,760

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:

	2023	2022
	RMB'000	*RMB'000*
Impairment loss on property, plant and equipment	**–**	(22,000)
Net exchange loss	**(1,087)**	(16,199)
Fair value change of financial assets at FVTPL	**2,819**	13,661
(Loss) gain on disposal of property, plant and equipment	**(883)**	15,919
Decrease in fair value of investment properties	**(6,144)**	(1,745)
Debt forgiveness	**10,353**	–
Others	**37**	(360)
	5,095	(10,724)

6. INCOME TAX EXPENSE

	2023	2022
	RMB'000	*RMB'000*
Tax expense represents:		
Current tax		
PRC Corporate Income Tax ("**CIT**") and income taxes of other tax jurisdictions	**7,181**	4,187
Withholding tax on dividend distribution	**–**	436
(Over) under provision in prior years	**(1,571)**	1,110
	5,610	5,733
Deferred tax		
Origination and reversal of temporary differences	**2,395**	826
	8,005	6,559

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 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 2023. 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 RMB3,787,000 has been provided (2022: RMB1,524,000 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 Indonesia has been made as the subsidiaries in this jurisdiction does not have any assessable profit for both years.

Taxation for subsidiary in other tax jurisdictions amounting to RMB5,041,000 (2022: RMB3,251,000) was charged at the appropriate current rates under the relevant taxation rulings.

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2023 *RMB'000*	2022 *RMB'000*
(a) Finance costs		
Interests on:		
— Bank borrowings	**62,386**	50,717
— Advances drawn on bills receivable *(note i)*	**55,636**	63,376
— Lease liabilities	**2,486**	2,747
	120,508	116,840

	2023 *RMB'000*	2022 *RMB'000*
(b) Staff costs		
Salaries, wages and other benefits	**665,723**	700,615
Contributions to defined contribution retirement plans	**85,685**	77,595
Equity-settled share-based payment (credit) expense	**(456)**	9,149
	750,952	787,359

	2023 *RMB'000*	2022 *RMB'000*
(c) Other items		
Depreciation charges:		
— Property, plant and equipment for own use	**359,756**	381,509
— Right-of-use assets	**50,442**	54,365
	410,198	435,874
Impairment losses on property, plant and machinery	**–**	22,000
Write-down of inventories, net	**5,056**	1,295
Auditor's remuneration — audit services	**2,166**	1,979
Cost of inventories *(note ii)*	**9,341,009**	11,577,961

Notes:

i. During the year ended 31 December 2023, interest of RMB1,843,000 (2022: RMB6,434,000) were paid to Guangxi Automobile in respect of bills discounted to Guangxi Automobile.

ii. Cost of inventories includes RMB551,908,000 (2022: RMB670,189,000) relating to staff costs and depreciation expenses, which amount is also included in the respective total amounts disclosed separately above.

8. DIVIDEND

	2023	2022
	RMB'000	*RMB'000*
Dividends recognized as distribution during the year:		
2022 Final dividend of HKD0.3 cent (2022: 2021 final dividend of HKD0.3 cent) per share	**9,176**	8,451

Subsequent to the end of the reporting period, a final dividend of HKD0.5 cent per share amounting to approximately HKD16,491,000 (or equivalent to RMB15,180,000) in respect of the year ended 31 December 2023 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB23,477,000 (2022: RMB22,611,000) and the weighted average of 3,298,161,000 ordinary shares (2022: 3,298,161,000 shares) in issue during the year, calculated as follows:

	2023	2022
	'000	*'000*
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January and 31 December	**3,298,161**	3,298,161

(b) Diluted earnings per share

There were no dilutive potential ordinary shares during the year ended 31 December 2023 and 2022, and therefore, diluted earnings per share is the same as the basic earnings 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 2023, certain investment properties amounting to RMB3,672,000 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 2022: certain investment properties amounting to RMB10,458,000 have been transferred to property, plant and equipment and right-of-use assets).

During the year ended 31 December 2023, the revaluation surplus resulting from the change from property, plant and equipment and right-of-use asset to investment properties amounting to RMB4,245,000 (year ended 31 December 2022: RMB7,128,000) has been recognised in other comprehensive income.

The valuations of investment properties carried at fair value were updated at 31 December 2023 by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the December 2022 valuations. As a result of the update, a net loss of RMB6,144,000 (year ended 31 December 2022: RMB1,745,000) has been recognised in profit or loss for the year in respect of investment properties.

There is no disposal of investment properties for the year ended 31 December 2023. During the year ended 31 December 2022, certain investment properties amounting to RMB5,560,000 have been disposed.

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

During the year ended 31 December 2023, 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 RMB7,234,000 (year ended 31 December 2022: RMB106,498,000) and the corresponding lease liabilities of RMB7,234,000 (year ended 31 December 2022: RMB106,498,000) during the current year.

At 31 December 2023, the Group's carrying amounts of right-of-use assets are RMB224,074,000 (year ended 31 December 2022: RMB272,539,000) and lease liabilities under current liabilities and non-current liabilities are RMB57,183,000 (year ended 31 December 2022: RMB54,884,000) and RMB103,000 (year ended 31 December 2022: RMB33,638,000), respectively.

(c) Acquisitions and disposals of owned assets

During the year ended 31 December 2023, the Group acquired items of property, plant and equipment with a cost of RMB276,721,000 (year ended 31 December 2022: RMB289,889,000). Items of property, plant and equipment with a net book value of RMB29,510,000 were disposed of during the year ended 31 December 2023 (year ended 31 December 2022: RMB135,008,000), resulting in a loss on disposal of RMB883,000 (year ended 31 December 2022: profit on disposal of RMB15,919,000).

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. On 28 February 2023 and 31 May 2023, the other shareholders paid up registered capital, which caused dilution of the Group's equity share of Wuling New Energy.

(b) The Group has injected cash of RMB25,000,000 separately as capital on a pro-rata basis into one of the Group's joint ventures, Guangxi Weixiang Machinery Company Limited ("**Guangxi Weixiang**") this year, aiming at further strengthening its financial position.

(c) On 29 August 2022, the Group sold 10% of its equity in Liuzhou Lingte Power Technology Co., Ltd. ("**Liuzhou Lingte**") 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.

(d) On 22 February 2023, the Group sold the equity interest in Fujian New Long Ma Automotive Co., Ltd. (福建新龍馬汽車股份有限公司) ("**New Long Ma**") at the appraised value of RMB1,942,000. No material gain or loss on such disposal of equity in New Long Ma has been recognised.

12. TRADE AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables:		
— SAIC-GM-Wuling Automobile Co., Limited ("**SGMW**") *(note a)*	**1,460,360**	1,111,305
— Guangxi Automobile Group (other than Wuling New Energy) *(note b)*	**8,385**	40,761
— Wuling New Energy *(note c)*	**97,465**	57,308
— Guangxi Weixiang *(note d)*	**–**	4
— Liuzhou AAM Automotive Driveline System Co., Limited ("**Liuzhou AAM**") *(note d)*	**–**	1,271
— Faurecia (Liuzhou) Automotive Seating Co., Limited ("**FL Seating**") *(note c)*	**1,508**	3,732
— Faurecia (Liuzhou) Automotive Interior System Co., Limited ("**FL Interior**") *(note c)*	**6,829**	13,020
— Faurecia (Liuzhou) Emission Control Technologies Co., Limited ("**FL Emission**") *(note c)*	**16,165**	2,096
— Liuzhou Leadrive Electronic Control Technology Co., Ltd. ("**Liuzhou Leadrive**") *(note c)*	**8**	28
— Qingdao Lanqi Liuji Motors Technology Company Limited ("**Qingdao Lanqi**") *(note d)*	**13,833**	–
— Third parties	**1,233,823**	1,112,842
	2,838,376	2,342,367
Less: Allowance for credit losses	**(100,843)**	(78,486)
Subtotal	**2,737,533**	2,263,881
Other receivables *(note e)*	**117,582**	72,753
Less: Allowance for credit losses	**(6,885)**	(770)
Subtotal	**110,697**	71,983
Prepayments	**62,719**	139,514
Value-added tax recoverable	**15,865**	5,823
Total trade and other receivables	**2,926,814**	2,481,201

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, Qingdao Lanqi and Liuzhou AAM are joint ventures of the Group.

(e) Included in other receivables are amount due from Guangxi Automobile of RMB55,920,000 (2022: RMB3,710,000). The amount is rebate compensation for purchasing electric vehicles' spare parts (e.g., automotive battery) from Guangxi Automobile.

Included in the trade and other receivables are trade receivables of RMB2,737,533,000 (2022: RMB2,263,881,000) and an ageing analysis of trade receivables (net of allowance for credit losses), based on the invoice date, is as follows:

	2023	2022
	RMB'000	*RMB'000*
0–90 days	**2,612,208**	2,114,644
91–180 days	**90,662**	100,833
181–365 days	**20,193**	39,780
Over 365 days	**14,470**	8,624
	2,737,533	2,263,881

As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB255,968,000 (2022: RMB77,638,000) which are past due at the end of the reporting period. Out of the past due balances, RMB39,554,000 (2022: RMB24,207,000) 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

	2023	2022
	RMB'000	*RMB'000*
Bills receivable *(note i)*:		
— SGMW	**153,645**	892,443
— Guangxi Automobile Group (other than Wuling New Energy)	**15,917**	2,763
— Wuling New Energy	**597**	6,493
— Guangxi Weixiang	**–**	6,500
— FL Seating	**13,124**	–
— Third parties	**222,812**	215,341
	406,095	1,123,540
Bills receivable discounted with recourse *(note ii)*	**3,263,321**	3,384,607
	3,669,416	4,508,147

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:

	2023	2022
	RMB'000	*RMB'000*
0–90 days	**339,641**	747,938
91–180 days	**66,454**	375,503
181–365 days	**–**	99
	406,095	1,123,540

(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:

	2023	2022
	RMB'000	*RMB'000*
0–90 days	**1,404,202**	1,493,382
91–180 days	**1,859,119**	1,891,225
	3,263,321	3,384,607

14. TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade and bills payables:		
— SGMW	**101,751**	151,899
— Guangxi Automobile Group	**44,805**	43,013
— FL Seating	**40,875**	40,485
— FL Interior	**49,549**	34,284
— FL Emission	**22,778**	17,832
— Liuzhou Leadrive	**11,235**	67,079
— Other related companies	**11,887**	7,176
— Third parties	**5,389,234**	5,811,682
Subtotal	**5,672,114**	6,173,450
Value added and other tax payables	**38,736**	124,018
Accrued research and development expenses	**148,287**	104,004
Accrued staff costs	**116,512**	94,821
Deposits received from suppliers	**57,586**	63,765
Other payables	**136,122**	99,472
Total trade and other payables	**6,169,357**	6,659,530

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

Trade payables

	2023	2022
	RMB'000	*RMB'000*
0 to 90 days	**2,474,464**	2,347,911
91 to 180 days	**105,269**	135,884
181 to 365 days	**57,051**	180,263
Over 365 days	**120,195**	179,077
	2,756,979	2,843,135

Bills payable

	2023	2022
	RMB'000	*RMB'000*
0 to 90 days	**1,315,487**	1,773,920
91 to 180 days	**1,599,648**	1,556,395
	2,915,135	3,330,315

15. PROVISION FOR WARRANTY

	RMB'000
At 1 January 2022	95,023
Additional provision in the year	23,604
Utilization of provision	(31,475)
At 31 December 2022 and at 1 January 2023	**87,152**
Additional provision in the year	**62,048**
Utilization of provision	**(43,719)**
At 31 December 2023	**105,481**

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)*	25,380,350,000	101,521
Balance at 1 January 2022, 31 December 2022 and 31 December 2023		101,521
Issued and fully paid:		
Ordinary shares of HKD0.004 each		
At 1 January 2022, 31 December 2022 and 31 December 2023	3,298,161,332	13,193

	2023 ***RMB'000***	2022 *RMB'000*
Shown in the consolidated financial statements at the end of the reporting period as	**11,782**	11,782

Note: 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.

17. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, in January 2024, associate of the Group, Wuling New Energy completed a fund raising exercise amounted to RMB390 million in total. Amongst which, RMB360 million was contributed by three independent third party investors including 許昌市金投控股集團有限公司 (Xuchang Jintou Holding Group Co., Ltd.*), 廣西睿菱創業投資合伙企業(有限合夥) (Guangxi Ruiling Venture Capital Partnership (Limited Partnership)*) and 廣西廣投孵化投資基金合夥企業(有限合夥) (Guangxi Guangtou Incubation Investment Fund Partnership (Limited Partnership)*) whereas, the Company contributed the remaining RMB30 million. Details of this fund raising exercise were disclosed in the Company's announcements dated 16 January 2024 and 28 September 2023.

* *for identification purpose only*

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 2023 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 2023 was RMB2,479,958,000, which was moderately decreased as compared to previous year.

Total number of engines, including the engines applied for the hybrid power supply systems sold by the subsidiaries, primarily Liuzhou Wuling Liuji Motors Company Limited ("**Wuling Liuji**"), for the year was approximately 246,000 units, representing a slight increase of approximately 7.0% as compared to previous year. The business volume was mainly contributed by the new models of engines and other power supply systems for the fuel engine vehicles, whereas, contribution of the products attributable to the new energy vehicles remained small, because of the delays of the launches of the new models by the automobile customers.

Facing the prevailing tough and competitive operating environment, the division has been committed to implementing measures to control its operating costs and expenses. In 2023, the division was able to maintain its profitable performance and recorded an operating profit of RMB25,686,000 for the year, as compared to an operating profit of RMB30,155,000 in 2022.

During the year, sales to SGMW, our core customer in the vehicles' power supply systems division, amounted to approximately RMB1,342,526,000, representing a decrease of approximately 25.3% as compared to previous year. Amongst which, a significant portion of the revenue was generated from the sales of the M20B high thermal efficiency engine which launched in 2023, whereas, the rest was mainly 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, which comprised mainly sales of the engine sets to Foton Motors, SAIC Maxus, Dongfeng Motor and Chang'an Automobile, etc and the engine's cylinder components for BYD, were moderately increased to approximately RMB1,137,432,000 for the year, and accounted for approximately 45.9% of the total revenue of this division. The sales were mainly contributed from the successful launches of new products to the customers. Among them, the divison actively tapped into the incremental market demand and expanded the proportion of existing mature models of powertrains selling to other customer, with a volume of 122,000 units sold in the market of other customers. The division had also promoted the growth of sales of small capacity engines during the year.

Facing the imminent shift of the automobile industry in China focusing on new energy vehicles, the division has formulated strategy in positioning itself as a multidimensional vehicles' power supply system supplier, which has completed a product layout of "traditional power technology upgrade + new energy power integrated development". On one hand, the division will continue to develop high efficiency and low emission engines to the traditional fuel engine vehicles' manufacturer. Meanwhile, it would also promote its products, including engines, electric motor control system and related components for the electric vehicles, as well as different types of hybrid model vehicles. For instances, out of the 22 key business development projects implemented in 2023, 9 of which were specifically targeted at the new energy vehicles segment.

At the same time, the division pursued upgrading measures on zero-emission and high-efficiency. With the successful completion of the new generation of H-series ultra-high-efficiency engines, methanol engines and hydrogen internal combustion engines, marked the successful development of the Group's alcohol-hydrogen-oil-gas multi-fuel engine platform, which is the first of its kind in China, and represents a step forward of the Group in realizing the goal of "Double Carbon".

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 high efficiency and low emission engine products in serving 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, where a new 600,000 cylinder head roughcast units production line was completed and started operational in June 2023. Sale of castings products in 2023 amounted to 940,000 units, representing an increase of 35% on a year-on-year basis.

In terms of products, the M20B high thermal efficiency engine developed by Wuling Liuji has been successfully launched to the market in 2023 and has become the main stream products of the division in applying on a number of vehicle models of the customers. The division is confident this business momentum from the M20B will continue in the coming years and will contribute to the business performance of the division.

Meanwhile, the high-efficiency and cost effective HEV hybrid assembly units developed by Wuling Liuji has also gradually gained orders from customers. 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%.

As mentioned earlier, 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.

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 vehicles (including new energy vehicles) of SGMW and other new customers, including the Group's associates, Liuzhou Wuling New Energy Motors Company Limited ("**Wuling New Energy**") 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 2023 was RMB6,129,795,000, representing a slight increase of approximately 1.4% as compared to previous year, which was mainly due to growing businesses contributed by the new customers despite a decrease in the business volume from SGMW as affected by the tough and keen competitive business environment during the year.

Meanwhile, resulting from the positive factors of a lower cost of raw materials and cost control measures, where the division's expenditures in the aspects of primarily general and administrative, and research and development had been effectively contained, profitability performance of the division was further improved from which an operating profit of RMB91,444,000 was recorded for the year, representing a significant of approximately 73.4% as compared to the results in 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 expanding customers were steadily increased to more than RMB2,300,000,000 and accounted for approximately 38% 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 has accumulated the comparative advantage of a leading mechanical automotive manufacturer in Guangxi and even the entire southwest China. 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. At the same time, the division has continued to develop in the direction of high-end, intelligent and green, and actively explored the market, and has achieved stage-by-stage results.

Meanwhile, as explained above, through continuous efforts of market diversification, the division actively made unremitting efforts in optimizing our product and customer structure, firmly grasped the opportunities from the trend of automobile transformation to the new energy era, and put utmost effort on the added value of products to open up the market of high-end car models and new energy car models. The initial responses from these diversification projects were all encouraging. After the production and sales of over one million units of micro-electric car axles, the division further consolidated its advantages in traditional fuel axles and optimized the performance of electric car axles. Being the exclusive supplier of subframe, rear torsion beam and speed reducer products of SGMW's star product, Wuling Splendid, the division has also swiftly realised the steps of commercialisation through supplying its coaxial electric drive axle to Changan, Ruichi, JAC and other automobile enterprises. Meanwhile, we also obtained orders of electric car axles from the leading car manufacturers such as Chery and Geely for their mainstream new energy commercial vehicles. While the drum EPB has been nationalized, the in-line control product has also made a breakthrough from 0 to 1, which product has been installed in Foton and is expected to achieve break through to mass production. The front and rear axles for pickup trucks and non-load-bearing SUVs have also been mass-produced in mainstream markets such as Great Wall and Foton. For instances, the multilink silent high-end integral fuel axle was firstly used in high-end pickup trucks such as the Tank series.

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 in 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, at the back of the division's current consolidated annual production capacity of more than 2 million units of automotive components.

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 operational in the second half of 2022 is primarily set up for supplying automotive components to another prominent car manufacturer, Great Wall Motors, of which more than 50% of the products sold in 2023 were supplied for the new energy models, 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. The Group possesses a full range of manufacturing technologies including casting, machining, heat treatment, stamping, welding, spraying and assembling, which are of leading standards. In terms of stamping process, which is one of the car body manufacturing technologies, the division has been awarded the "High-end CNC Machine Tools and Basic Manufacturing Equipment" by the Ministry of Industry and Information Technology of the People's Republic of China through competition. The first domestic production line for the thermal inflation molding of ultra-high-strength steel tubes was completed in 2020, which filled the gaps in the domestic market and solve the industry's "stranglehold" technological problems. In terms of processing, the division has the ability to develop the whole process of fully independent spiral bevel gears, recognised as a first tier standard in the country. The engine intelligent manufacturing plant has also passed the national new generation of information technology and manufacturing industry integration development pilot demonstration certification, in which only three operators were required in the cylinder block cylinder head workshop, where its processing accuracy and the degree of intelligence is remarkable. The Group's manufacturing quality has reached the higher standards of the international automobile enterprises, while at the same time enjoying an advantage from the cost perspective.

Meanwhile, the Group's overseas production plants in Indonesia and India continued to deliver sets of satisfactory results for the year. Benefited from the growing demands from customers, 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 2023. 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.

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 also continued to maintain its profitability in the year 2023.

Looking ahead, the automotive components division will actively support the transformation of medium- and high-end vehicles and new energy vehicles, continue to optimize the customer structure, comprehensively consider the early deployment of the entire life cycle of the target customer products from the whole series of car models, pay close attention to technological research and development, improve product quality, and actively open up markets, to ensure the transformation and upgrading in achieving a sustainable and healthy development.

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 2023 was RMB1,838,271,000, representing a significant decrease of approximately 49.2% as compared to previous year.

During the year, business volume of the commercial vehicles assembly division has been adversely affected by the general unfavourable economic environment at which the market demand was severely weak. Apart from this, completion of the restructure exercise of the business of the Group's new energy vehicles in late 2022, where the assembly business of the Group's new energy vehicles were transferred to the Group's associate, Wuling New Energy, and the Group's repositioning strategy on the refitted vehicles since the second half of 2023, where the Group began to focus more on the modification services had also resulted in a direct reduction of the business volume of the division.

During the year under review, Wuling Industrial sold approximately 33,800 different models of vehicles, representing a significant decrease of 50.0% as compared to the sale volume of 67,600 as reported in 2022. Amongst which, the sale volume of refitted vehicles and other types of vehicles (primarily sightseeing vehicles) decreased to approximately 30,500 vehicles and 3,300 vehicles respectively. The decline in respect of the refitted vehicles was mainly due to the Group's repositioning strategy as below mentioned, whereas, the weak market demand resulting from the general unfavourable economic environment had also given rise to certain adverse impact during the year.

Following the completion of the restructure exercise of the business of the Group's new energy vehicles in late 2022, where part of the production facilities were transferred to Wuling New Energy and the faster than expected application of the new energy vehicles in the market, the division had been cautiously considering its business strategy on the fuel engine refitted vehicles, which in turn slow down further investments in this particular business segment. As a result, the business volume of the refitted vehicles was severely affected in the second half of the year. The Group is in the process of formulating appropriate business strategy for the refitted vehicles, which may involve possible collaboration with other business divisions and the customers.

Despite a decline in the business volume, benefited from lower cost of raw materials and a substantial reduction in the division's expenditure resulting the effective implementation of certain restructure exercise and cost control measures, the division was managed to deliver a set of profitable results for the year, from which an operating profit of RMB62,782,000 was recorded for the year as compared to the operating profit of RMB21,950,000 as recorded in previous year.

The commercial vehicles assembly division operates comprehensive car assembly lines which covers 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 Wuling, where a strong comprehensive capability of “multi-mix, small batch and specialization” has been established. 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. 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.

Indeed, prior to the below mentioned restructure exercise, the division had made significant breakthroughs in the new energy vehicle market segment. Furthermore, it had also gradually built up a nationwide distribution network across the country. 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 2022 as below mentioned.

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, the Group, including Company and Wuling Industrial formed a joint venture with Guangxi Automobile and established Wuling New Energy which started operational in 2022 for pursuing the 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. The setup of Wuling New Energy enables 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, and at the same time benefits the operation of Wuling Industrial and its subsidiaries serving as the strategic key suppliers to Wuling New Energy by supplying automotive components and parts for its production of new energy vehicles.

The Group believes that operation of Wuling New Energy 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.

For the year under review, Wuling New Energy operated as an associate of the Group and the Group's principal business entity in the new energy vehicles business, of which its business performance for the year ended 31 December 2023 is described in the section "Performance of Joint Ventures and Associates" below.

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 non-road vehicles and other special purpose vehicles, focusing on market segmentation and specialization, enhancing the ability of professional customization of unique products, developing high-value products, intensifying market development efforts, and solidly increasing sales volume, 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. Indeed, the launches of various upgraded models of non-road vehicles, such as sight-seeing buses and golf carts had all received satisfactory reception from the overseas markets which have tremendous business potential.

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

Wuling New Energy which was owned as to 13.5% by the Company and 13.26% by Wuling Industrial as at 31 December 2023 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 this exercise on 30 November 2022.

For the year ended 31 December 2023, Wuling New Energy developed and launched several new models on the basis of the original G100 series models. In June 2023, it released the "Lingshi Brand" and launched the first plug-in hybrid small card "Lingshi Gold Card". Amongst them, G050 model electric logistic vehicle, recognized as the groundbreaking EV of the Guangxi Province under the RCEP for the international market, the first batch of orders has been delivered to Japanese customers. At the same time, Wuling New Energy also further accelerated the pace of development in the global market by supplying various types of new energy logistics vehicles to large international logistics companies in Europe and North America. During the year, Wuling New Energy sold approximately 10,000 new energy vehicles, mainly contributing to the G100 model vehicles. Benefited from the successful launches of new models G050, Lingshi Gold card, etc to the market both locally and internationally since the second half of 2023, it is expected the volume will be substantially increased in the near future.

During the year under review, Wuling New Energy achieved total revenue of RMB785,475,000, representing an increase of approximately 63.6% as compared to previous year and incurred a net operating loss of RMB298,110,000 as it was still operating at the development stage, in which loss attributable to the Group amounted to RMB79,774,000.

Subsequent to the reporting period, in January 2024, Wuling New Energy completed a fund raising exercise amounted to RMB390 million in total. Amongst which, RMB360 million was contributed by three prominent independent third party investors including 許昌市金投控股集團有限公司 (Xuchang Jintou Holding Group Co., Ltd.*), 廣西睿菱創業投資合伙企業(有限合夥) (Guangxi Ruiling Venture Capital Partnership (Limited Partnership)*) and 廣西廣投孵化投資基金合夥企業(有限合夥) (Guangxi Guangtou Incubation Investment Fund Partnership (Limited Partnership)*) whereas, the Company contributed the remaining RMB30 million. The Company considered the participation of these investors in Wuling New Energy will be beneficial to its long term business development. Details of this fund raising exercise were disclosed in the Company's announcements dated 16 January 2024 and 28 September 2023.

Other Material Joint Ventures and Associates

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 RMB504,721,000, representing a year-on-year decrease of 16% as compared to previous year, due to a decrease in the business volume as caused by the general unfavourable economic environment during the year. Accordingly, net operating profit was decreased by 33.6% to RMB8,393,000 (as compared to the net operating profit of RMB14,090,000 as achieved in previous year), in which profit of RMB4,196,000 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 sixth year of operation in 2023. 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, due to a decline in the business volume from SGMW, total revenue of FL Seating was moderately decreased by 10.9% to RMB275,562,000 (2022: RMB309,412,000) for the full year under review. Taking into account of a provision arising from some commercial disputes amounting to approximately RMB49,000,000, an operating loss of RMB36,489,000 was recorded, in which loss of RMB18,245,000 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 sixth year operation in 2023. 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, FL Seating was managed to maintain its business volume by registering a total revenue of RMB369,991,000, representing a slight increase of 1% as compared to previous year (2022: RMB367,590,000). Meanwhile, benefited from an impressive recovery of business, especially in the second half of 2023 and the continuous improvement in the gross profit margin, net operating profit was increased significantly by 121% to RMB42,368,000 (2022: RMB19,130,000), in which profit of RMB21,184,000 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 fifth year operation in 2023. 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 reduced by 16.6% as compared to previous year to RMB384,273,000 (2022: RMB460,512,000). However, benefited from an impressive recovery of business, especially in the second half of 2023 and the continuous improvement in the gross profit margin, the profitability performance of FL Emission was also managed to be significantly improved by registering a net operating profit of RMB4,798,000, representing an increase of 105% as compared to previous year (2022: RMB2,342,000), in which profit of RMB2,399,000 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**") 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 continued to incurred operating loss for the year under review as affected by the adverse factors, which amounted to RMB6,474,000, in which loss of RMB3,237,000 was attributable to the Group. Given that the loss making situation of AAM JV was unlikely to be turned around in the near future, the partners of the joint venture had been in discussion to sort out certain restructure plan for AAM JV in safeguarding the interests of the parties under this uncertain and difficult business environment.

Meanwhile, Qingdao Lanqi Liuji Motors Technology Company Limited ("**Qingdao Lanqi**") and Liuzhou Leadrive Electronic Control Technology Co., Ltd. ("**Liuzhou Leadrive**") in which the Group interested in 23.08% and 40% respectively, were both at the early stage of operation and business development during the year under review and therefore respective operating losses of RMB21,815,000 and RMB19,076,000 were incurred, in which RMB5,035,000 and RMB7,630,000 were attributable to the Group respectively 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 2023 was RMB10,483,933,000, representing a decrease of 16.8% as compared to previous year. The decrease was mainly attributable to the moderate decrease in revenue of the vehicles' power supply systems division because of the delays of the launches of the new models by the automobile customers and the Group's repositioning strategy on the refitted vehicles since the second half of 2023, which had resulted in a direct reduction of the business volume of the commercial vehicle assembly division. Meanwhile, the automotive components and other industrial services division was managed to register a moderate increase in revenue, which was mainly attributable to growing businesses contributed by the new customers despite a decrease in the business volume from SGMW as affected by the tough and keen competitive business environment during the year.

Gross profit for the year under review was RMB1,036,999,000, representing an impressive improvement of 14.1% as compared to previous year. Despite the abovementioned declines in the business volume, resulting from the positive factors of a lower cost of raw materials and appropriate cost control measures, profitability performance of the Group had been significantly improved during the year. Meanwhile, gradual recovery of business had also resulted in a moderate improvement in the gross profit margin in the second half of the year, from which the gross profit margin achieved by the Group was remarkably improved to 9.9% for the full year under review as compared to the 7.2% as recorded for previous year.

Due to the abovementioned improvement in the gross profits, the Group reported a net profit of RMB69,456,000 for the year ended 31 December 2023, which was increased by 73.5% as compared to the net profit of RMB40,038,000 recorded for previous year, whereas, the profit attributable to the owners of the Company also improved to RMB23,477,000, representing an increase of 3.8% as compared to the profit attributable to the owners of the Company of RMB22,611,000 for previous year. Profit attributable to the owners of the Company was increased at a lesser extent primarily due to the substantial increase in share of losses of Wuling New Energy which was still at its initial stage of operation during the year 2023.

Accordingly, basic earnings per share for the year ended 31 December 2023 was RMB0.71 cent, which marked a continuous improvement as compared to the basic earnings per share of RMB0.69 cent as recorded in previous year, whereas, fully diluted earnings per share for the year under review was RMB0.71 cent as there is no dilution effect for the year.

Other income comprised primarily bank interest income, government grants and subsidies, sales of scrap materials and parts and other sundry income was in aggregate RMB214,407,000 for the year ended 31 December 2023, maintaining at a similar level as compared to previous year, in which the increases in income from sale of scrap materials and government grants were offset by a substantial decrease in income from transfer of patents.

Other gains and losses amounted to a net aggregate gain of RMB5,095,000 for the year ended 31 December 2023, which comprised primarily the combined results of the decrease in fair value of investment properties amounting to approximately RMB6,144,000, gain on debt forgiveness amounting to RMB10,353,000, loss on disposal of property, plant and equipment amounting to approximately RMB883,000, gain on fair value change of financial assets at fair value through profit or loss of RMB2,819,000 and net exchange loss of RMB1,087,000.

Share of results of associates reported a total net loss of RMB82,066,000 for the year ended 31 December 2023 representing primarily combined results of the net operating profits attributable to FL Interior and FL Emission and the net operating losses incurred by Wuling New Energy, FL Seating and Liuzhou Leadrive. During the year, despite a decline in the business volume from SGMW, thanked to an impressive recovery of business, especially in the second half of 2023 and the continuous improvement in the their respective profitability performance, FL Interior and FL Emission were all managed to maintain their respective business volume and deliver set of profitable results for the year. Meanwhile, Wuling New Energy and Liuzhou Leadrive were loss making due to them still being in the early stage of operation and development. Whereas, FL Seating recorded net operating losses due to a specific provision made on certain commercial disputes.

Share of results of joint ventures reported an aggregate net loss of RMB3,116,000 for the year ended 31 December 2023, which were mainly attributable to the net operating losses of AAMJV and Qingdao Lanqi, which was due to its early stage of operation. Meanwhile, the business of Guangxi Weixiang and Liuzhou Wuda 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 RMB139,653,000 for the year ended 31 December 2023, representing an increase of 20.0% as compared to previous year, which was mainly due to an increase in the warranty expenses resulting from the launches of new products during the year.

General and administrative expenses of the Group comprised primarily salary and allowances, various insurance expenses, rental expenses and other administrative expenses were in aggregate RMB498,263,000 for the year ended 31 December 2023, representing a moderate increase of 2.1% as compared to previous year, which was mainly attributable a mild increase in the staff related costs as a result of the commencement of operation of the new production facilities during the year. Facing the tough and highly competitive business environment, the Group would continue to implement various cost control measures in containing the general and administrative expenses of the Group aiming at alleviating the pricing pressure from the market and in promoting competitiveness and efficiency.

Research and development expenses for the year ended 31 December 2023 amounted to RMB306,556,000, representing a decrease of 4.0% as compared to previous year, which was in line with the business level of the Group. 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 2023 amounted to RMB120,508,000, which was increased by 3.1% as compared to previous year resulting from an increase in the finance costs associated with the bank borrowing of the Group for the year under review.

Consolidated Statement of Financial Position

As at 31 December 2023, total assets and total liabilities of the Group stood at RMB15,050,774,000 and RMB12,100,067,000 respectively.

Non-current assets amounted to RMB4,502,186,000 comprised mainly property, plant and equipment, right-of-use assets, investment properties, right-of-use assets, 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 RMB276,721,000 arising from the acquisition of property, plant and equipment, depreciation charge of RMB410,198,000 and the decrease in fair value of investment properties of RMB6,144,000 incurred for the year under review.

Current assets amounted to RMB10,548,588,000 comprised mainly inventories of RMB806,403,000, trade and other receivables of RMB2,926,814,000, bills receivable at fair value through other comprehensive income of RMB3,669,416,000 (inclusive of bills receivable discounted with recourse but not yet matured amounting to RMB3,263,321,000), pledged bank deposits of RMB528,997,000 and bank balances and cash of RMB2,616,795,000. 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 RMB1,460,360,000 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 RMB11,025,659,000, comprised mainly trade and other payables of RMB6,169,357,000, contract liabilities of RMB143,368,000, lease liabilities of RMB57,183,000, provision for warranty of RMB105,481,000, bank borrowings — due within one year of RMB1,276,201,000 and advances drawn on bills receivable discounted with recourse of RMB3,274,069,000. The corresponding bills receivable discounted with recourse to these advances amounting to RMB3,263,321,000 were recorded as bills receivable at fair value through other comprehensive income as at 31 December 2023, which would be offset against upon maturity.

The Group recorded net current liabilities of RMB477,071,000 as at 31 December 2023, which was decreased as compared to the net current liabilities of RMB932,681,000 as at 31 December 2022. The decrease was mainly due to the raising of certain long term bank borrowings during the year.

Non-current liabilities amounted to RMB1,074,408,000 comprised mainly bank borrowings of RMB1,034,598,000, lease liabilities of RMB103,000, contract liabilities of RMB6,540,000 and deferred tax liability of RMB33,167,000.

Liquidity and Capital Structure

During the year ended 31 December 2023, 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 2023, total bank borrowings amounted to RMB2,310,799,000 which maintained at a similar level as compared to the position as at 31 December 2022, in which RMB1,034,598,000 were having repayment terms of more than one year. Meanwhile, the outstanding advances drawn on bills receivable discounted with recourse decreased moderately to RMB3,274,069,000. The corresponding bills receivable discounted with recourse to these advances amounting to RMB3,263,321,000 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 RMB6,864,858,000 for providing the necessary fundings for its daily operations, in which approximately RMB226,255,000 were discounted to Guangxi Automobile.

As at 31 December 2023, the cash at bank balances (together with the pledged bank deposits) were increased by 21.8% to RMB3,145,792,000 as compared to the position as at 31 December 2022.

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 RMB1,934,858,000 as at 31 December 2023. Net asset value per share was approximately RMB58.7 cents as at 31 December 2023.

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 HKD0.5 cent per Share for the year ended 31 December 2023 (the "**Final Dividend**") (2022: HKD 0.3 cent) to the Shareholders whose names shall be on the register of members of the Company on Friday, 28 June 2024, amounting to approximately HKD16,491,000 (equivalent to approximately RMB15,180,000). Subject to the approval by the Shareholders in the forthcoming annual general meeting of the Company to be held on Friday, 14 June 2024 (i.e., the 2024 AGM), dividend warrants of the Final Dividend will be dispatched to Shareholders on or before 31 July 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 11 June 2024 to Friday, 14 June 2024 (both dates inclusive), for the purpose of determining the Shareholders' eligibility to attend and vote at the 2024 AGM and during which period no transfer of the Shares will be effected. In order to qualify for attendance of the 2024 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 Friday, 7 June 2024. The time and venue of the 2024 AGM will be advised in due course.

The register of members of the Company will be closed from Tuesday, 25 June 2024 to Friday, 28 June 2024 (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 Monday, 24 June 2024.

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 2023 (2022: 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, 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 2023, 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. Xu Jinli (appointed on 9 June 2023), 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 2023 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 2023 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 2023 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 2023 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.

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. Xu Jinli as independent non-executive Directors.

On behalf of the Board
Yuan Zhijun
Chairman

Hong Kong, 27 March 2024