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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board of directors (the “Board”) of Wuling Motors Holdings Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024 together with the comparative figures of the corresponding period in 2023. The interim results are unaudited, but have been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, whose independent review report will be included in the interim report to be sent to the shareholders of the Company. The interim results have also been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024 — unaudited (Expressed in Renminbi Yuan (“RMB”))

		Six months ended 30 June	
		2024	2023
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3		
Goods and services		3,930,878	5,075,935
Rental		15,446	13,564
		<u>3,946,324</u>	<u>5,089,499</u>
Total revenue			
Cost of sales and services		<u>(3,520,500)</u>	<u>(4,678,910)</u>
Gross profit		425,824	410,589
Other income	5	136,879	96,479
Other gains and losses	4	(22,603)	(5,384)
Selling and distribution costs		(52,696)	(50,860)
General and administrative expenses		(212,483)	(213,534)
Research and development expenses		(129,117)	(124,035)
Impairment losses under expected credit loss model, net of reversals of impairment losses		(9,028)	(234)
Net gain on disposal of investment in an associate		6,690	—
Share of results of associates		(59,928)	(28,478)
Share of results of joint ventures		(1,283)	(3,044)
Finance costs	5(a)	(59,858)	(67,782)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)*For the six months ended 30 June 2024 — unaudited (Expressed in Renminbi Yuan (“RMB”))*

		Six months ended 30 June	
		2024	2023
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	5	22,397	13,717
Income tax expenses	6	(1,272)	(1,457)
Profit for the period		21,125	12,260
Attributable to:			
Owners of the Company		1,586	1,521
Non-controlling interests		19,539	10,739
Profit for the period		21,125	12,260
Profit per share	7		
— Basic		RMB0.05 cents	RMB0.05 cents
— Diluted		RMB0.05 cents	RMB0.05 cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024 — unaudited (Expressed in Renminbi Yuan (“RMB”))

	Six months ended 30 June	
	2024	2023
	<i>RMB’000</i>	<i>RMB’000</i>
Profit for the period	<u>21,125</u>	<u>12,260</u>
Other comprehensive income (expense) for the period (after tax):		
<i>Item that will not be reclassified to profit or loss:</i>		
Revaluation surplus resulting from the change from property, plant and equipment and right-of-use assets to investment properties	7,337	–
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of operations outside Mainland China	(793)	7,141
Fair value gain on bills receivable at fair value through other comprehensive income (“FVTOCI”)	<u>11,071</u>	<u>6,335</u>
Other comprehensive income for the period	<u>17,615</u>	<u>13,476</u>
Total comprehensive income for the period	<u>38,740</u>	<u>25,736</u>
Attributable to:		
Owners of the Company	12,003	12,523
Non-controlling interests	<u>26,737</u>	<u>13,213</u>
	<u>38,740</u>	<u>25,736</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024 — unaudited (Expressed in RMB)

		At 30 June 2024	At 31 December 2023
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	<i>8(c)</i>	2,674,638	2,806,820
Right-of-use assets	<i>8(b)</i>	206,230	224,074
Intangible assets		101,090	95,552
Investment properties	<i>8(a)</i>	440,010	436,351
Interests in associates		727,802	770,360
Interests in joint ventures		119,157	120,440
Deposits paid for acquisition of property, plant and equipment		10,238	5,824
Equity instrument at FVTOCI		42,765	42,765
		4,321,930	4,502,186
CURRENT ASSETS			
Inventories		835,339	806,403
Trade and other receivables	<i>9</i>	2,316,517	2,926,814
Bills receivable and bills receivable at FVTOCI	<i>10</i>	2,447,425	3,669,416
Prepaid tax		48	163
Pledged bank deposits		481,097	528,997
Bank balances and cash		2,952,905	2,616,795
		9,033,331	10,548,588
CURRENT LIABILITIES			
Trade and other payables	<i>11</i>	5,476,571	6,169,357
Contract liabilities		174,880	143,368
Lease liabilities	<i>8(b)</i>	39,165	57,183
Provision for warranty	<i>12</i>	107,149	105,481
Bank borrowings	<i>13</i>	2,112,867	1,276,201
Advances drawn on bills receivable discounted with recourse	<i>13</i>	1,621,847	3,274,069
		9,532,479	11,025,659
NET CURRENT LIABILITIES		(499,148)	(477,071)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,822,782	4,025,115

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*Continued*)
At 30 June 2024 — unaudited (Expressed in RMB)

		At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i> (Audited)
NON-CURRENT LIABILITIES			
Contract liabilities		5,807	6,540
Lease liabilities	<i>8(b)</i>	1	103
Bank borrowings	<i>13</i>	836,451	1,034,598
Deferred tax liabilities		32,726	33,167
		<hr/> 874,985 <hr/>	<hr/> 1,074,408 <hr/>
NET ASSETS		<hr/> 2,947,797 <hr/>	<hr/> 2,950,707 <hr/>
CAPITAL AND RESERVES			
Share capital	<i>14(a)</i>	11,782	11,782
Reserves		1,910,746	1,923,076
		<hr/> 1,922,528 <hr/>	<hr/> 1,934,858 <hr/>
Equity attributable to owners of the Company		1,922,528	1,934,858
Non-controlling interests		1,025,269	1,015,849
		<hr/> 2,947,797 <hr/>	<hr/> 2,950,707 <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity and going concern of the Group in light of the Group’s current liabilities exceeded its current assets by approximately RMB499 million (31 December 2023: RMB477 million) as at 30 June 2024. 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 Holdings Limited (“Guangxi Automobile”), which is a state-controlled company established in the People’s Republic of China (“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 condensed consolidated financial statements on a going concern basis without including any adjustments that would be required should the Group fail to continue as a going concern.

2. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this condensed consolidated financial statements for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“2020 amendments”)
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“2022 amendments”)
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The amended HKFRs do not have a material impact on the Group’s condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

(a) Disaggregation of revenue

	<i>Notes</i>	For the six months ended 30 June	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
Type of goods and services			
— Sales of engines and related parts and other power supply products	<i>(i)</i>	902,113	1,180,571
— Sales of automotive components and accessories	<i>(ii)</i>	2,331,161	2,162,702
— Sales of specialized vehicles	<i>(iii)</i>	330,671	1,351,533
— Trading of steels	<i>(ii)</i>	313,381	316,633
— Provision of water and power supply	<i>(ii)</i>	53,552	64,496
Revenue from contracts with customers within scope of HKFRS15		3,930,878	5,075,935
Revenue from gross rental income		15,446	13,564
Total		3,946,324	5,089,499
Timing of revenue recognition			
At point in time		3,877,326	5,011,439
Over time		68,998	78,060
Total		3,946,324	5,089,499
Geographical markets			
Mainland China		3,893,526	5,002,760
Others		52,798	86,739
Total		3,946,324	5,089,499

Notes:

- (i) These revenue has been classified as revenue under the vehicles' power supply systems segment in the segment information.
- (ii) These revenue has been classified as revenue under the automotive components and other industrial services segment in the segment information.
- (iii) These revenue has been classified as revenue under the commercial vehicles assembly segment in the segment information.

(b) 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
- 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 losses, net gain on disposal of investment in an associate, share of results of associates and joint ventures, finance costs and other head office or corporate administration costs.

The following is an analysis of the Group's revenue and results by reportable and operating segments for the period under review:

	Vehicles' power supply systems <i>RMB'000</i>	Automotive components and other industrial services <i>RMB'000</i>	Commercial vehicles assembly <i>RMB'000</i>	Others <i>RMB'000</i>	Elimination <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Six months ended 30 June 2024						
Revenue						
Revenue from external customers	902,113	2,698,094	330,671	15,446	–	3,946,324
Inter-segment revenue	<u>20,920</u>	<u>46,388</u>	<u>11,292</u>	<u>–</u>	<u>(78,600)</u>	<u>–</u>
Total	<u>923,033</u>	<u>2,744,482</u>	<u>341,963</u>	<u>15,446</u>	<u>(78,600)</u>	<u>3,946,324</u>
Segment (loss) profit (adjusted EBIT)	<u>(17,112)</u>	<u>75,883</u>	<u>26,329</u>	<u>2,399</u>		87,499
Bank interest income						61,401
Net exchange loss						(104)
Central administrative costs						(12,020)
Net gain on disposal of investment in an associate						6,690
Share of results of associates						(59,928)
Share of results of joint ventures						(1,283)
Finance costs						<u>(59,858)</u>
Profit before taxation						<u>22,397</u>

	Vehicles' power supply systems <i>RMB'000</i>	Automotive components and other industrial services <i>RMB'000</i>	Commercial vehicles assembly <i>RMB'000</i>	Others <i>RMB'000</i>	Elimination <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Six months ended 30 June 2023						
Revenue						
Revenue from external customers	1,180,571	2,543,831	1,351,533	13,564	–	5,089,499
Inter-segment revenue	<u>10,664</u>	<u>47,988</u>	<u>1,406</u>	<u>–</u>	<u>(60,058)</u>	<u>–</u>
Total	<u>1,191,235</u>	<u>2,591,819</u>	<u>1,352,939</u>	<u>13,564</u>	<u>(60,058)</u>	<u>5,089,499</u>
Segment profit (adjusted EBIT)	<u>7,298</u>	<u>52,573</u>	<u>8,330</u>	<u>13,564</u>		81,765
Bank interest income						50,027
Net exchange gain						3,522
Central administrative costs						(22,293)
Share of results of associates						(28,478)
Share of results of joint ventures						(3,044)
Finance costs						<u>(67,782)</u>
Profit before taxation						<u>13,717</u>

(c) Seasonality of operation

The Group's three main reportable segments (as defined in note 3(a)(i), 3(a)(ii) and 3(a)(iii)) see higher demand for their products during the second half, which is consistent with the practice of the automobile industry. The aforementioned industry practice is primarily related to the exhibitions and promotion activities held during September and October which stimulates higher demand in the following months until Chinese New Year. As a result, the Group typically reports higher revenue and segment results for the second half of the year, than the first half.

For the twelve months ended 30 June 2024, the three main reportable segments of the Group reported revenue of RMB9,302,967,000 (twelve months ended 30 June 2023: RMB11,395,962,000), and segment profit of RMB196,811,000 (twelve months ended 30 June 2023: RMB284,548,000).

4. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Impairment loss on property, plant and equipment	(10,000)	–
Decrease in fair value of investment properties	(13,047)	(9,170)
Net exchange (loss) gain	(104)	3,522
Loss on disposal of property, plant and equipment and investment properties	(961)	(49)
Others	1,509	313
	<u>(22,603)</u>	<u>(5,384)</u>

5. PROFIT BEFORE TAXATION

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation is arrived at after charging/(crediting):		
(a) Finance costs		
Interests on:		
— Bank borrowings	32,257	38,138
— Advances drawn on bills receivable	27,426	28,249
— Lease liabilities	175	1,395
	<u>59,858</u>	<u>67,782</u>

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
(b) Staff costs		
Salaries, wages and other benefits	353,458	313,153
Contributions to defined contribution retirement plans	44,682	40,819
Equity-settled share-based payment (credit) expense	(9,276)	4,138
	388,864	358,110
	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
(c) Other items		
Depreciation charge		
— owned property, plant and equipment	186,558	176,208
— right-of-use assets	21,323	23,147
Reversal of write- down of inventories, net	(5,714)	(1,364)
Cost of inventories*	3,475,894	4,627,742
Bank interest income	(61,401)	(50,027)
Government grants	(63,228)	(3,388)

* Cost of inventories includes RMB281,346,000 (six months ended 30 June 2023: RMB306,724,000) relating to staff costs and depreciation expenses, which amount is also included in the respective total amounts disclosed separately above.

6. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Tax charge represents:		
Current tax	4,888	2,024
Withholding tax on dividend distribution	1,420	–
Over provision in prior years	(2,151)	–
	<u>4,157</u>	<u>2,024</u>
Deferred tax		
Origination and reversal of temporary differences	(2,885)	(567)
	<u>1,272</u>	<u>1,457</u>

Mainland China

In accordance with the relevant PRC corporate income tax (“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 (“HNTE”) and entitled the preferential tax rate of 15% in 2021, 2022 and 2023. As at 30 June 2024, Liuji Motors and Liuji Foundry are in the process of renewing for the qualification of HNTE for 2024, 2025 and 2026, and prepay for income tax at preferential tax rate of 15% during the transitional period of renewing. 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 2024. Taxation of the Group’s other subsidiaries in Mainland China are calculated using the applicable income tax rates of 25%.

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

During the period, deferred tax liabilities of RMB1,790,000 has been provided (six months ended 30 June 2023: RMB808,000) 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 periods.

Others

Taxation for other overseas subsidiaries is calculated using the estimated annual effective rate of taxation that are expected to be applicable in the relevant countries.

7. PROFIT PER SHARE

(a) Basic profit per share

The calculation of basic profit per share is based on the profit attributable to equity shareholders of the Company of RMB1,586,000 (six months ended 30 June 2023: RMB1,521,000) and the weighted average number of 3,298,161,332 ordinary shares (six months ended 30 June 2023: 3,298,161,332 ordinary shares) in issue during the interim period.

(b) Diluted profit per share

There were no dilutive potential ordinary shares during each of the six months ended 30 June 2024 and 2023, and therefore, diluted profit per share is the same as the basic profit per share.

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

(a) Investment properties

	<i>NOTES</i>	<i>RMB'000</i>
As at 1 January 2023		441,915
Transfer to property, plant and equipment and right-of-use assets, net		(3,672)
Increase in fair value recognized in other comprehensive income		4,245
Decrease in fair value recognized in profit or loss		(6,144)
Exchange adjustments		<u>7</u>
At 31 December 2023 and 1 January 2024		<u><u>436,351</u></u>
Transfer from property, plant and equipment and right-of-use assets, net		6,891
Increase in fair value recognized in other comprehensive income		9,781
Decrease in fair value recognized in profit or loss	4	(13,047)
Exchange adjustments		<u>34</u>
At 30 June 2024		<u><u>440,010</u></u>

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

During the current interim period, 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 RMB6,745,000 and the corresponding lease liabilities of RMB6,745,000 during the current interim period. As at 30 June 2024, there were RMB14,697,000 in right-of-use leased from Guangxi Automobile Group (As at 31 December 2023: RMB26,664,000). As at 30 June 2024, there were RMB31,681,000 in lease liabilities arising from the lands and buildings leased from Guangxi Automobile Group (As at 31 December 2023: RMB52,748,000).

(c) Property, plant and equipment

During the six months ended 30 June 2024, the Group acquired items of property, plant and equipment with a cost of RMB80,527,000 (six months ended 30 June 2023: RMB118,575,000). Items of property, plant and equipment with a net book value of RMB12,622,000 were disposed of during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB1,478,000), resulting in a loss on disposal of RMB961,000 (six months ended 30 June 2023: loss on disposal of RMB49,000).

The carrying value of property, plant and equipment has been allocated to four units of groups of cash-generating units ("CGUs"): Vehicles' power supplying systems ("Units A"), Automotive components and other industrial services in the PRC operations ("Units B — PRC"), Automotive components and other industrial services in Indonesia operation ("Units B — IDN") and Commercial vehicles assembly ("Units C"). Due to the loss for the six months ended 30 June 2024 for certain units, the management of the Group has identified certain property, plant and equipment has an indication of impairment loss. Based on the impairment assessments of the above CGUs conducted by the management of the Group, an impairment loss of RMB10,000,000 (six months ended 30 June 2023: Nil) was recognised in profit or loss during the period to write down the carrying value of property, plant and equipment of Unit A to their recovering amount of RMB550,895,000. The recovering amounts of above CGUs have been determined based on value in use calculations.

9. TRADE AND OTHER RECEIVABLES

		At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
	<i>NOTES</i>		
Trade receivables:			
— SAIC-GM-Wuling Automobile Co., Limited (“SGMW”)	<i>(a)</i>	1,003,581	1,460,360
— Guangxi Automobile Group (other than Liuzhou Wuling New Energy Motors Company Limited (“Wuling New Energy”))	<i>(b)</i>	8,359	8,385
— Wuling New Energy	<i>(d)</i>	51,721	97,465
— Qingdao Lanqi Liuji Motors Technology Company Limited (“Qingdao Lanqi”)	<i>(c)</i>	7,047	13,833
— Faurecia (Liuzhou)Automobile Seating Co., Limited (“FL Seating”)	<i>(d)</i>	2,247	1,508
— Faurecia (Liuzhou)Automobile Interior Systems Co., Limited (“FL Interior”)	<i>(d)</i>	6,183	6,829
— Faurecia (Liuzhou) Emission Control Technologies Co., Limited (“FL Emission”)	<i>(d)</i>	9,328	16,165
— Liuzhou Leadrive Electronic Control Technology Co., Ltd. (“Liuzhou Leadrive”)	<i>(d)</i>	—	8
— Third parties		1,085,570	1,233,823
		2,174,036	2,838,376
Less: Allowance for credit losses		(95,491)	(100,843)
Subtotal		2,078,545	2,737,533
Other receivables	<i>(e)</i>	154,129	117,582
Less: Allowance for credit losses		(6,703)	(6,885)
Subtotal		147,426	110,697
Prepayments		79,772	62,719
Value-added tax recoverable		10,774	15,865
Total trade and other receivables		2,316,517	2,926,814

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) Qingdao Lanqi is a joint venture of the Group.
- (d) Wuling New Energy, FL Seating, FL Interior and FL Emissions are associates of the Group. On 26 March 2024, the Group sold its equity in Liuzhou Leadrive, which was an associate of the Group, at the appraised value of RMB19,320,000 with net gain amount of RMB6,690,000.
- (e) Included in other receivables are amount due from Guangxi Automobile of RMB70,574,000 (31 December 2023: 55,920,000). The amount is the rebate compensation for purchasing automotive components (e.g. automotive battery) from Guangxi Automobile.

The Group allows credit period of 30 days to 180 days for sale of goods to its trade customers.

Included in trade and other receivables are trade receivables of RMB2,078,545,000 (31 December 2023: RMB2,737,533,000) and an ageing analysis of trade receivables (net of allowance for credit losses) presented, based on the invoice date, is as follows:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
0–90 days	1,939,417	2,612,208
91–180 days	121,109	90,662
181–365 days	4,408	20,193
Over 365 days	13,611	14,470
	<u>2,078,545</u>	<u>2,737,533</u>

10. BILLS RECEIVABLE AND BILLS RECEIVABLE AT FVTOCI

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Bills receivable at FVTOCI (<i>note a</i>):		
— SGMW	513,220	153,645
— Guangxi Automobile Group (other than Wuling New Energy)	10,935	15,917
— Wuling New Energy	1,462	597
— Guangxi Weixiang	59	—
— FL Seating	47,046	13,124
— Third parties	253,955	222,812
	<u>826,677</u>	<u>406,095</u>
Bills receivable (<i>note b</i>)		
— Bills receivable discounted with recourse	1,620,748	3,263,321
	<u>2,447,425</u>	<u>3,669,416</u>

Notes:

- (a) Bills receivable at FVTOCI represent bills received from customers to settle the trade receivables. The bills receivable at FVTOCI 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:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
0–90 days	787,184	339,641
91–180 days	39,493	66,454
	<u>826,677</u>	<u>406,095</u>

As at 30 June 2024, the bills payable were secured by pledge of bills receivable with an aggregate carrying amount of RMB4,950,000 (31 December 2023: Nil).

- (b) The amounts represent bills receivable discounted to banks and Guangxi Automobile with recourse with a primary maturity period of less than 180 days. The Group recognizes the full amount of the discount proceeds as liabilities as set out in note 13.

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

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
0–90 days	905,603	1,404,202
91–180 days	715,145	1,859,119
	<u>1,620,748</u>	<u>3,263,321</u>

11. TRADE AND OTHER PAYABLES

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
	<i>NOTES</i>	
Trade and bills payables:	<i>(a)</i>	
— SGMW	54,749	101,751
— Guangxi Automobile Group (other than Wuling New Energy)	38,313	42,634
— Wuling New Energy	–	2,171
— FL Seating	32,519	40,875
— FL Interior	46,875	49,549
— FL Emissions	21,036	22,778
— Liuzhou Leadrive	–	11,235
— Other related parties	8,796	11,887
— Third parties	4,755,411	5,389,234
	<u>4,957,699</u>	<u>5,672,114</u>
Value added and other tax payables	2,872	38,736
Accrued research and development expenses	149,701	148,287
Accrued staff costs	136,337	116,512
Deposits received from suppliers	46,153	57,586
Other payables	183,809	136,122
	<u>5,476,571</u>	<u>6,169,357</u>
Total trade and other payables		

Notes:

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

Trade payables

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
0 to 90 days	2,222,007	2,474,464
91 to 180 days	41,787	105,269
181 to 365 days	43,571	57,051
Over 365 days	85,240	120,195
	<u>2,392,605</u>	<u>2,756,979</u>

Bills payable

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
0 to 90 days	1,093,247	1,315,487
91 to 180 days	1,471,847	1,599,648
	<u>2,565,094</u>	<u>2,915,135</u>

12. PROVISION FOR WARRANTY

	<i>RMB'000</i>
At 1 January 2023	87,152
Additional provision for the period	62,048
Utilization of provision	<u>(43,719)</u>
At 31 December 2023 and 1 January 2024	105,481
Additional provision for the period	16,068
Utilization of provision	<u>(14,400)</u>
At 30 June 2024	<u>107,149</u>

The Group provides warranty of certain periods to its customers on engines and engines related parts, automotive components and accessories and specialized 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.

13. BANK BORROWINGS/ADVANCES DRAWN ON BILLS RECEIVABLE DISCOUNTED WITH RECOURSE

		At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Bank borrowings		<u>2,949,318</u>	<u>2,310,799</u>
Analysis of bank borrowings:			
Secured	(a)	303,060	47,808
Unsecured		<u>2,646,258</u>	<u>2,262,991</u>
		<u>2,949,318</u>	<u>2,310,799</u>
Less: Amounts due within 12 months shown under current liabilities		<u>(2,112,867)</u>	<u>(1,276,201)</u>
Amounts shown under non-current liabilities		<u>836,451</u>	<u>1,034,598</u>
Advances drawn on bills receivable discounted with recourse	(b)	<u>1,621,847</u>	<u>3,274,069</u>

Notes:

- (a) The bank borrowings as at 30 June 2024 were secured by bank deposits of RMB56,400,000 (31 December 2023: RMB6,010,000).
- (b) The amount represents the Group's bank borrowings secured by bills receivable discounted to banks with recourse of RMB1,621,847,000 (31 December 2023: RMB3,274,069,000).
- (c) The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	For the six months ended 30 June	
	2024	2023
Effective interest rate (per annum):		
Fixed-rate borrowings	0.01–3.00%	1.10–3.40%
Variable-rate borrowings	<u>0.01–3.80%</u>	<u>2.30–3.80%</u>

14. CAPITAL AND DIVIDENDS

(a) Share capital

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Shown in the condensed consolidated financial statements at the end of the reporting period (<i>note i</i>)	<u>11,782</u>	<u>11,782</u>

Notes:

- (i) As at 30 June 2024, the number of shares of the Group is 3,298,161,332 (31 December 2023: 3,298,161,332).

(b) Dividends

The directors of the Company have determined that no dividend will be declared or paid in respect of the current interim period (six months ended 30 June 2023: Nil).

During the current interim period, a final dividend of HK\$0.5 cents per share (six months ended 30 June 2023: HK\$0.3 cents per share) in respect of the previous financial year was declared to the owners of the Company. The aggregate amount of the final dividend declared during the current interim period amounted to HK\$16,491,000 (equivalent to RMB15,057,000) (six months ended 30 June 2023: HK\$9,894,000 or equivalent to RMB9,176,000) and has been paid subsequent to the interim period.

15. SHARE OPTION SCHEME

The Company has a share option scheme which was adopted on 10 November 2021 (“Adoption Date”) (“Share Option Scheme”). On 10 December 2021, a total number of 86,425,300 share options, representing approximately 2.26% of the issued share capital of the Company on the date of grant of the share options (“Grant Date”) were granted to the executive Director and a number of 834 employees of the Group, in which a number of 83,473,600 share options were subsequently accepted by the grantees and a number of 2,951,700 share options were not accepted and were deemed to be cancelled. The share options were granted at an exercise price of HK\$1.93 per Share, being the closing price of the Shares on the Grant Date.

The number and weighted average exercise prices of Share Options are as follows:

	Weighted average exercise price HKD	Number of options '000
Outstanding at 1 January 2023	1.93	43,060
Forfeited during the period (<i>note a</i>)	1.93	(537)
Outstanding at 30 June 2023	1.93	42,523
Forfeited during the period (<i>note b</i>)	1.93	(19,645)
Outstanding at 31 December 2023 and 1 January 2024	1.93	22,878
Forfeited during the period (<i>note a</i>)	1.93	(590)
Outstanding at 30 June 2024 (<i>note c</i>)	1.93	22,288

- (a) The forfeited number of Share Options were due to the resignation of employment.
- (b) The Group did not meet specific performance targets for the year ended 31 December 2023 which caused 17,158,000 Share Options forfeited during the period. The remaining forfeited number of Share Options were due to the resignation of employment.
- (c) Based on the up-to-date financial information, as it is almost certain that the non-market performance conditions for the year 2024 could not be fulfilled, the estimated total share-based payment cost for this tranche of Share Options was treated as forfeited in the calculation.

MESSAGES FROM THE BOARD OF DIRECTORS

PREFACE

We hereby present the unaudited results of Wuling Motors Holdings Limited (the “Company”, together with its subsidiaries, collectively the “Group”) for the six months ended 30 June 2024.

The year 2024 is a critical year for the accomplishment of the objectives and tasks set out in the 14th Five-Year Plan and an important year for the Group’s strategy of transformation and upgrading as well as high-quality development. Amid intensified market competition and economic downturn, the Group implemented the business strategy of “Stabilising Growth, Enhancing Effectiveness and Exploring New Horizons”, and innovatively drove the traditional industries with competitive edge to move toward to the middle and high end of the industrial and value chains, coupled with the transformation and upgrading to digitalization, intelligentization and greenness, so as to promote its high-quality development and give back to its shareholders.

Given the above unfavorable factors, the Group’s total revenue for the six months ended 30 June 2024 amounted to RMB3,946,324,000, representing a decrease of 22.5% as compared with the corresponding period in 2023. This was mainly due to the decrease of the related revenue of the commercial vehicle assembly division as a result of the Group’s repositioning strategy on refitted vehicles since the second half of 2023, and the decrease in business volume of the vehicles’ power supply systems division because of delays in client orders. Meanwhile, the business volume of the automotive components division maintained a steady growth, benefitting from its strategy of acquiring new clients.

Gross profit for the period under review was RMB425,824,000. Despite the decrease in total revenue during the period, the Group can still maintain the same level of gross profit as compared with the corresponding period in 2023. In addition to positive factors such as a drop in prices of raw materials like steel, the start of mass production of certain products with high gross margins also contributed to a significant improvement in gross margin. The Group’s gross profit margin for the first half of 2024 was 10.8%, representing an increase of approximately 270 basis points as compared with 8.1% for the same period of 2023.

Despite the increase in the share of loss attributable to owners of the Company, as Wuling New Energy, an associate which was still in the development stage, the Group's major business divisions, including automotive components and other industrial services division, and commercial vehicle assembly division, saw continued improvement in business performance, helping offset the loss of Wuling New Energy incurred during its stage of development. The Group recorded a net profit of RMB21,125,000 for the first half of 2024, representing an increase of 72.3% as compared to the net profit of RMB12,260,000 for the same period of 2023. Profit attributable to owners of the Company for the period under review amounted to RMB1,586,000, which was also increased as compared to RMB1,521,000 as recorded in the same period of 2023.

MAJOR TASKS IN THE FIRST HALF OF 2024

(i) Adhering to the basic principle of “Stabilising Growth”, and seeking development of principal businesses during the downturn

1. Securing existing markets and developing new markets, the components business segment overcame difficulties to expand the market

In the face of intensified market competition and declining market share of the products of major customer, the Group focused on deepening its presence in the existing markets and developing new markets. On one hand, the Group primarily focused on the supplying of components for the new energy vehicles of major customer, which include several new vehicle models. On the other hand, efforts were made to optimize the client structure and strive to accelerate the supply to the expanding markets like Great Wall, Chery and BYD. The Jingmen base in Hubei, which is specialized in providing components for Great Wall, had rapidly increased its volume and generated revenue of RMB333,736,000 for the first half of 2024. The facilities successfully delivered the frame assembly of two models of Great Wall, helping the client to break the record of delivery of new products for export in the first month of their production. The Kaifeng production base in Henan tapped into the local potential market and achieved an average monthly production capacity of 4,000 units. The first domestic ultra-high-strength steel tube thermoforming production line was put into use for mass production of 13 thermoformed products, which were installed in mid-range and high-end models of Great Wall, BYD and other automobile brands. Following the completion of the development and supply of the first rear drive axle assembly and drive system assembly products for the new energy passenger car being exported to Vietnam, the chassis business had achieved a significant breakthrough for the first time, realizing the export of self-developed

components from zero to one. The axial electric drive axle, pioneering as the first extended-range power electric rear axle for pick-up trucks in China, had embarked on large-scale manufacturing, in which control arms were crafted through an advanced high-strength cold-rolling technique, seamlessly integrating with premium vehicle models.

The automotive components and other industrial services division achieved revenue of RMB2,698,094,000 in the first half of 2024, representing a year-on-year increase of 6.1%. At the same time, business with clients other than core client performed well, with the respective share in total revenue maintaining a moderate growth during the period.

2. *Making innovation and taking actions bravely, the vehicles' power supply systems business segment stepped up improvement through technological advance*

The vehicles' power supply systems division's business consolidated the pattern of technological upgrading of conventional powertrains and development of new energy powertrains, and accelerated the development of the new energy business. First of all, the division tapped the potential of mature markets and upgraded the current mainstream fuel-powered 2.0L, 1.6L engines and other products. In the first half of the Year, 25,000 units was sold to the major customer. Meanwhile, continuous efforts were made to increase the growth points of the casting business. The shares of products supplying to BYD's tier-one suppliers and SAIC-GM-Wuling rose year on year. Secondly, the division actively promoted the research, development and application of high performance engines. The H platform's high performance engines were commercialized, further strengthening the Group's traditional strength in the engine field. Finally, focus was also put on accelerating the transformation to new energy business and promoting the implementation of projects for new clients. The division quickened the pace to create a matrix of all product lineup, including hybrid and pure electric assembly systems and core components, built production capacity, launched new products and new technologies, focusing on motor and motor control, rotor production line and production process improvement and won orders from Jianghuai Automobile, Changan Kai Cheng and other new energy clients.

The vehicles' power supply systems division achieved revenue of RMB902,113,000 in the first half of 2024, representing a year-on-year decrease of 23.6%, which was mainly due to a decline in the sale volume of engines. However, the division's profitability is expected to improve gradually, driven by positive factors such as the successive mass production of new products with high gross margins.

3. *Consolidating strengths and tapping potentials, the commercial vehicle assembly business division plays to its strengths and makes up for deficiencies to seek breakthroughs*

The related revenue of the commercial vehicle assembly division witnessed a decline under the impact of intensified market competition and the Group's repositioning strategy for refitted vehicles. The Group strove to improve its products and services and sought breakthroughs in high value-added segments. Firstly, the division expanded domestic and overseas markets and established a diversified marketing system. Various promotional activities were organised to enhance the brand influence and delivered specialty products like refrigerated trucks, sanitation vehicles and fire fighting trucks to regions of Shandong, Zhejiang, Hunan and Beijing, etc. It also customized products to meet international demands. Wuling sightseeing vehicles, golf carts and other products were exported to countries including Vietnam, Thailand, the USA, Canada and Australia and also launched its debut to the Egyptian market. Secondly, the division continued to enhance its ability to customize unique products. More than 100 Wuling vending carts were delivered to PepsiCo to help it launch its new mobile retail business. The chassis by wire lineup covers intelligent energy storage and charging, intelligent cultural tourism, security inspection, autonomous sanitation and other autonomous driving commercialization scenarios. During the Spring Festival of 2024, intelligent mobile energy storage and charging vehicles were put into use in highway service areas in, among others, Guangdong, Sichuan, Yunnan, Guangxi, and were well received by the markets.

The commercial vehicles assembly division achieved revenue of RMB330,671,000 in the first half of 2024, representing a decrease of 75.5% as compared with the same period of 2023, which was primarily due to a decrease of the related revenue as a result of the repositioning strategy of refitted vehicles since the second half of 2023.

(ii) Striving to “Enhancing Effectiveness”, and exploring new business

1. *Entering new energy industry bravely to foster new momentum*

The Group overcame difficulties in development by accelerating the research and development of new energy vehicles, expanding new energy key components and fostering new growth drivers. First of all, Wuling New Energy, an associate of the Group, had enriched the product spectrum of new energy vehicles and broadened the overseas business channels, launched a long-range medium logistics vehicle product to quickly seize the market. It recorded a monthly sales volume of more than 1,000 units in the first three months after its launch. Additionally, Wuling New Energy also

actively sought breakthroughs in the international market and increased exports to the United States, Japan, South Korea and other countries. Secondly, the Group accelerated the research and development of key components for new energy vehicles to expand the market. Taking the opportunity of the mass production of the major customer's hybrid projects and continuous electrification, we successfully developed and optimized new energy electric rear axles, motors, electric control systems, range extenders, hybrid power systems and other products, and rolled out an increasing number of new energy vehicle's components matched with overseas customers, promising a rapid increase in export business.

The Group adheres to innovation as a guiding principle, creating a new source of productive forces for development. Actively leveraging Hong Kong's abundant pool of technical talents, innovative preferential policies, and an open investment environment, the Group had established an innovation center in Hong Kong, pursuant to which, memoranda of understanding had been signed with the Hong Kong Polytechnic University and the Chinese University of Hong Kong, focusing on the fields of new energy vehicle technologies, to jointly promote the transformation and application of scientific research achievements. At the same time, the Group is also actively communicating and negotiating multiple projects with automotive technology research and development centers, the Hong Kong Applied Science and Technology Research Institute, and others. It is expected that through in-depth cooperation in these projects, the Group will fully promote the transformation and upgrading of domestic business as well as high-quality development.

2. *Creating “intelligent” future, and speeding up the transformation of results in digital service industry*

The Group actively developed automotive digital services, created a dual-drive business model of “Automotive Data” and “Automotive Intelligence”, pushed the establishment of an industrial Internet platform, and promoted digital collaboration and resource sharing among companies in the automotive and components industry chain.

(iii) Focusing on “Optimising Management”, deepening reforms and conducting strict management to achieve practical effect

1. Deepening reforms and carrying out lean management to promote high-quality development

The Group is committed to establishing an operation management mechanism to improve efficiency and effectiveness and promoting the coordinated development of our traditional strengths and emerging businesses. On one hand, a dedicated team was set up to deepen reforms, aiming to promote the transformation and upgrading of traditional industries, the development of new energy vehicle industry, and the intensive integration of digitalization and traditional industries, so as to continuously enhance the core competitiveness of the Group. On the other hand, we also continued to improve the incentive mechanism, enhance the tenure system and contractual management, and strengthen the role of remuneration protection and positive incentives to provide strong impetus for high-quality development.

2. Working hard and increasing operating effectiveness via cost reduction and efficiency enhancement

In the face of risks arising from unfavorable market conditions, the Group adhered to the corporate principle of seeking progress while maintaining stability and implemented appropriate control measures. Firstly, we continued to implement the policies of “Increasing Revenue, Reducing Expenditure, Improving Quality and Enhancing Efficiency”, and took specific measures around “Stabilising Growth and Enhancing Effectiveness”, so as to reduce costs and expenses. Secondly, we persistently conducted asset management such as the “Three Containments” and handling of overdue receivables and payables. In the first half of 2024, exercises relating to the disposal of overdue receivables, obsolete inventories, and inefficient and ineffective assets were completed. At last, we also optimized the “Company-Specific Policy” to turn loss for profitability and reduce loss, and stepped up efforts on governance.

WORK PLANS AND MAJOR INITIATIVES FOR THE SECOND HALF OF 2024

(i) Consolidating the traditional advantages, and mulling over transformation and upgrading

The Group will seize market opportunities to adjust its product structure and optimize the traditional advantageous business. Firstly, the automotive component division will

actively turn to electrification and intelligentization, vie for increasing orders supply for the new energy products and overseas markets, and, at the same time, increase the market share of products with competitive advantages. Secondly, the vehicles' power supply systems division will make continuous efforts on product research and development, as well as technological transformation aiming at collaborative vehicle assembly projects covering the aspects of high-efficiency engines and hybrid powertrains, meanwhile, penetrate to the international markets to pursue quality clients. Last but not least, the refitted vehicles business will seek breakthroughs in high value-added modification segments, with focus on customization markets such as cold chain and medical services, in pursuit of a business combining intelligent driving, networking and sharing.

(ii) Cultivating and strengthening emerging industries, and tapping into new sectors

The Group will accelerate the development of strategic emerging businesses and promote the transformation and upgrading of our business enterprises. Firstly, in terms of new energy vehicles, Wuling New Energy, an associate of the Group, will continue to enrich our existing commercial vehicle product lineup and expand our export business to quickly grab market share. Secondly, as for new energy key components, the Group will increase the market share of existing electric rear axles, launch electric axle products for passenger vehicles, micro commercial vehicles and light-duty commercial vehicles, and promote the realisation of matching support for new projects. Finally, in terms of the digital industry, the Group will mine the value of data around the automotive industry chain and continue to promote digital collaboration and resource sharing.

(iii) Tapping potentials to reduce costs, and carrying out lean management to increase efficiency

The Group will adhere to the corporate principle of seeking progress while maintaining stability and implement appropriate control measures. First, we will continue to implement the "Three Containments" policy, strengthen total budget management, enhance fine cost control, and delegate cost control responsibilities to specific regions and dedicated personnel. Second, the Group will step up efforts on the governance of loss-making companies, seriously adopt a company-specific approach for loss control, and tighten the control of risks from capital and receivables to minimize operational risks. Third, we will also advance the reform of state-owned enterprises (SOE) to propel the development of innovation-driven productivity, which includes completing key tasks in the SOE reform, improving the corporate management system, and enhancing the quality of economic operations, in order to ensure the accomplishment of the annual operating objectives.

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 first half of 2024 are detailed below:

Vehicles' Power Supply Systems

Total revenue (based on external sales) of the vehicles' power supply systems division for the six months ended 30 June 2024 was RMB902,113,000, representing a decrease of 23.6% as compared to the corresponding period in 2023, which was mainly due to a reduction in the customers' orders resulting from delays in client orders.

Total number of vehicles' power supply systems, primarily engines, sold by the subsidiaries, primarily Liuzhou Wuling Liuji Motors Company Limited ("Wuling Liuji"), for the first half of 2024 was approximately 84,000 units, representing a decrease of approximately 33.3% as compared to the corresponding period in 2023. The business volume was mainly contributed by the models of engines such as M20B, 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 customers under the relatively tough market situation.

Facing the prevailing tough and competitive operating environment, the division has been committed to implementing measures to control its operating costs and expenses. In the first half of 2024, due to a substantial decline in the business volume and the pricing pressure from the customers, the division incurred an operating loss of RMB17,112,000 as compared to an operating profit of RMB7,298,000 in the corresponding period of 2023. The loss for the period under review has also taken into account of an impairment loss of RMB10,000,000 on the division's property, plant and equipment.

During the period, sales to SGMW, our core customer, amounted to approximately RMB387,655,000, representing a decrease of approximately 38.9% as compared to the corresponding period in 2023. Amongst which, significant portion of the revenue continued to be generated from the sales of the M20B high thermal efficiency engine which launched in 2023, whereas, the rest continued to be 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, hybrid power supply systems and other power supply products to Foton Motors, SAIC Maxus, Dongfeng Motor, BYD's tier-one suppliers and Chang'an Automobile, etc, also experienced certain extent of decline due to the unfavourable economic environment, and amounted to approximately RMB514,458,000 for the period, representing approximately 57.0% of the total revenue of this division. Nevertheless, continuous launches of new and matured products to other customers continued to benefit the business volume of the division and allowed the division to actively tap into the incremental market demand.

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.

Considering the dynamic business environment and the strengthening of the competitiveness in the market, over the past few years, in implementing the technical upgrading and 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 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.

The successful completion of the new generation of H-series ultra-high-efficiency engines, methanol engines and hydrogen internal combustion engines, which facilitated a solid development of the Group's alcohol-hydrogenoil-gas multi-fuel engine platform, was recognized as the first of its kind in China and represented a step forward of the Group in realizing the goal of "Double Carbon". This strategic development essentially enabled the division to have a competitive edge in the industry for future business development.

Following the scale operation of the newly-developed high thermal efficiency Atkinson engines of the division since last 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, the newly established production line in 2023 with a capacity of 600,000 cylinder head roughcast units also paved the platform for further expansion of the castings products of the division in future. During the first half of 2024, sale of castings products amounted to 515,000 units, representing an increase of 26.2% as compared to the corresponding period of 2023.

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 continued to contribute the business of the division through gradually gaining orders from other 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%.

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.

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.

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 resumed in the near future.

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 associate, 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 six months ended 30 June 2024 was RMB2,698,094,000, representing an increase of 6.1% as compared to the corresponding period in 2023, which was attributable to the growing businesses contributed from certain customers, such as Great Wall Motors, despite the prevailing tough and keen competitive business environment during the period.

Despite an increase in general and administrative expenses, as well as the research and development costs associated with the launch of new business initiatives, the increase in sale volume of high-margin products and government grants income have significantly bolstered the division’s profitability. An operating profit of RMB75,883,000 was recorded for the period, representing an increase of approximately 44.3% as compared to the results recorded in the corresponding period in 2023.

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 period, sales to SGMW through the Group or our associated companies, comprised the range of products including body parts, chassis parts, electronic and electrical parts, such as seat sets, cockpits, bumpers and other interior and exterior trims, experienced a moderate increase and 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, etc, which were progressing satisfactorily during the period and were able to register a mild increase as compared to previous year. During the period under review, sales to expanding customers amounted to RMB1,041,736,000 and accounted for approximately 38.6% 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 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 set up production facilities in Jingmen, in the Hubei province. The production facilities in Jingmen which was primarily set up for supplying automotive components to Great Wall Motors, had been progressing satisfactorily, of which the business volume was continued to increase during the first half of 2024, of which more than 50% of the products sold in the period 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 was recognized as 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. The first domestic production line for the thermal inflation molding of ultra-high-strength steel tubes was completed in 2020, which helped to fill 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 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 was affected by certain delays in the customers' orders which resulted in a lower business volume for the period under review. Nevertheless, 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 be gradually improved in the near future.

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 first half of 2024.

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 six months ended 30 June 2024 was RMB330,671,000, representing a significant decrease of approximately 75.5% as compared to the corresponding period in 2023.

During the period, 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 related revenue of the division.

In the first half of 2024, Wuling Industrial sold approximately 3,650 different models of vehicles, representing a significant decrease as compared to the sale volume in the corresponding period of 2023. Amongst which, the sale volume of refitted vehicles and other types of vehicles (primarily sightseeing vehicles) decreased to approximately 1,900 vehicles and 1,750 vehicles respectively. The substantial 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 period.

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 related revenue of the refitted vehicles was severely affected since the second half of 2023. 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 related revenue, 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, coupled with the recognition of certain government subsidies income, the division was managed to deliver a set of profitable results for the period, from which an operating profit of RMB26,329,000 was recorded for the six months ended 30 June 2024, representing an increase of approximately 216.1% as compared to the corresponding period in 2023.

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 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 a sale agent. 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 period 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 six months ended 30 June 2024 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 continued the production of motor cycles during the period, 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 is owned as to 13.36% by the Company and 12.34% by Wuling Industrial as at 30 June 2024 and formed by 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.

During the period under review, due to the intense competition in the PRC market which had driven down the selling prices of the electric vehicles and the uncertainties associated from the import regulations of the target overseas markets which caused Wuling New Energy to be more cautious in implementing aggressive business, Wuling New Energy sold approximately

7,900 new energy vehicles, representing an increase of 68.1% as compared to corresponding period in 2023. The sale volume was mainly attributable to the G100 and G200 model vehicles targeting both the local and overseas markets and certain other EV models.

Despite this unfavourable market situation, Wuling New Energy continued to accelerate 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. Coupled with the groundbreaking G050 EV electric logistic vehicle of the Guangxi Zhuang Autonomous Region under the RCEP for the international market targeting at the Japanese market, in the first half of 2024, as soon as the left-hand drive version of this model was launched, it received a substantial initial order from South Korea, provided a solid footprint of the development of Wuling New Energy in the global market. Benefited from the successful launches of new models to the market both locally and internationally, it is expected the business momentum will be gradually increased in the second half of 2024.

For further strengthening the financial position and the collaboration with potential business partners, 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 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.

During the period under review, Wuling New Energy achieved total revenue of RMB575,843,000, representing an increase of approximately 60% as compared to the corresponding period in 2023. As it was still operating at the development stage, net operating loss further increased to approximately RMB185,227,000, in which loss attributable to the Group amounted to RMB47,603,000.

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 period by registering a total revenue of RMB275,547,000 for the first half of 2024, representing a mild decrease of 6.2% as

compared to the corresponding period in 2023. Under a relatively stable business environment, net operating profit for the period increased slightly by 3.5% to RMB4,748,000 (as compared to the net operating profit of RMB4,589,000 as achieved in the corresponding period in 2023), in which profit of RMB2,374,000 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 continued its business recovery stage in the first half of 2024. During the period under review, benefited from the continuous launches of new models by the customers, FL Seating registered total revenue of RMB185,149,000, representing a significant increase of 131.3% as compared to the corresponding period in 2023. However, due to the pricing pressure from the customer and taking into account of an impairment loss of RMB9,146,000 on the assets due to a fire accident happened during the period, net operating loss of RMB30,406,000 was incurred, in which loss of RMB15,203,000 was attributable to the Group. The fire accident which caused certain stoppages in the operation of FL Seating had been immediately resolved without creating any long term disturbances to the business activities of FL Seating.

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 maintained its business momentum and profitability in the first half of 2024. During the period under review, benefited from the continuous launches of new models by the customers, FL Interior registered total revenue of RMB147,229,000, representing a slight decrease of 2.8% as compared to the corresponding period in 2023. Meanwhile, net operating profit further improved to RMB15,848,000, (as compared to the net operating profit of RMB11,121,000 as achieved in the corresponding period in 2023), in which profit of RMB7,924,000 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 experienced a tough business environment in the first half of 2024. During the period under review, despite a stable business volume as registered by FL Emission, where total revenue was maintained at RMB147,093,000, due to an increase in the administrative expenses and certain one off expenses amounting to RMB1,678,000, FL Emission incurred net operating loss of RMB5,880,000 (as compared to the net operating loss of RMB1,172,000 as incurred in the corresponding period in 2023), in which loss of RMB2,940,000 was attributable to the Group.

Financial Review

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Group's total revenue for the six months ended 30 June 2024 was RMB3,946,324,000, representing a decrease of 22.5% as compared to the corresponding period in 2023. The decrease was mainly attributable to a decrease in the business volume of the vehicles' power supply system division due to a reduction in the customers' orders resulting from the corresponding unfavourable economic environment during the period 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 the growing businesses contributed from certain customers, such as Great Wall Motors, despite the prevailing tough and keen competitive business environment during the period.

Despite a decline in the business volume during the period, Group's profitability performance was moderately improved for the six months ended 30 June 2024. Benefited from an improvement in the gross profit margin resulting from a lower cost of raw materials and the increasing sales of higher margin products in the automotive components and other industrial services division, gross profit for the period under review was RMB425,824,000, representing an increase of 3.7% compared to the corresponding period in 2023. In this regard, gross profit margin achieved by the Group further improved to 10.8% for the period as compared to the 8.1% as recorded for the corresponding period in 2023.

Meanwhile, despite the increasing share of loss from Wuling New Energy which amounted to RMB47,603,000 for the period due to its development stage of operation, the business performance of the Group's core main business segments, in particular the automotive components and other industrial services division and the commercial vehicles assembly division, continued to improve which help to offset the negative impact from Wuling New Energy. Hence, for the first half of 2024, the Group reported a net profit of RMB21,125,000, representing an increase of 72.3% as compared to the corresponding period in 2023, whereas, the Group also reported profit attributable to the owners of the Company of RMB1,586,000, representing an increase of 4.3% as compared to the corresponding period in 2023.

Accordingly, basic profit per share for the six months ended 30 June 2024 was RMB0.05 cents, which was at a similar level as compared to the results recorded in the corresponding period in 2023.

Other income comprised primarily bank interest income, government grants and subsidies, sales of scrap materials and parts and other sundry income was in aggregate RMB136,879,000 for the six months ended 30 June 2024, representing an increase of 41.9% as compared to the corresponding period in 2023, which was mainly due to government grants income and increases in bank interest income.

Other gains and losses amounted to a net aggregate loss of RMB22,603,000 for the six months ended 30 June 2024, which comprised primarily the combined results of decrease in fair value of investment properties amounting to RMB13,047,000, and impairment loss on property, plant and equipment amounting to RMB10,000,000.

Share of results of associates reported a total net loss of RMB59,928,000 for the six months ended 30 June 2024 representing primarily the net operating losses attributable to Wuling New Energy, FL Seating and FL Emission, among which Wuling New Energy, which operated at the initial business and development stage, accounted for the majority portion. The loss making results were also due to a decline in the business volume as affected by the general unfavourable economic environment during the first half of 2024. Meanwhile, FL Interior continued to deliver a set of profitable results for the period due to its ability in maintaining stability in terms of business volume and gross profit margin.

During the period under review, the Group disposed its equity interest in an associate, Liuzhou Leadrive Electronic Control Technology Co., Ltd., at the appraised value of RMB19,320,000 and realised a net gain on disposal of RMB6,690,000.

Share of results of joint ventures reported an aggregate net loss of RMB1,283,000 for the six months ended 30 June 2024, which were mainly attributable to the net operating loss of Liuzhou AAM Automotive Transmission System Co., Ltd (“AAM JV”) and Qingdao Lanqi Liuji Motors Technology Company Limited (“Qingdao Lanqi”), where their business performance was unable to be turnaround under the severe adverse market situation. Owing to this adverse situation, the partners of AAM JV and Qingdao Lanqi had resolved to either cease operation or implement certain restructure plans to these joint ventures for the benefit of the stakeholders. Meanwhile, the business of Guangxi Weixiang continued to be solid and was able to remain profitable during the period.

Selling and distribution costs of the Group comprised primarily warranty expenses and other marketing expenses were in aggregate RMB52,696,000 for the six months ended 30 June 2024, representing a mild increase of 3.6% as compared to the corresponding period in 2023 which was mainly attributable to the increase in promotional and warranty expenses during the first half of 2024.

General and administrative expenses of the Group comprised primarily salary and allowances, various insurance expenses, rental expenses and other administrative expenses were in aggregate RMB212,483,000 for the six months ended 30 June 2024, representing a slight decrease of 0.5% as compared to the corresponding period in 2023. 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 declines in revenue and promoting competitiveness and efficiency.

Research and development expenses for the six months ended 30 June 2024 amounted to RMB129,117,000, representing a mild increase of 4.1% as compared to the corresponding period in 2023. Despite the relatively unfavourable business environment, the Group continued to be confident in the business potential of the automobile industry and had been prudently carry out appropriate research and development projects in accordance with the strategic plan in furthering its future business opportunities.

Finance costs for the six months ended 30 June 2024 amounted to RMB59,858,000, which was moderately decreased by 11.7% as compared to the corresponding period in 2023, resulting from a lower interest rate of the Group's borrowings during the period.

Condensed Consolidated Statement of Financial Position

As at 30 June 2024, total assets and total liabilities of the Group stood at RMB13,355,261,000 and RMB10,407,464,000 respectively.

Non-current assets amounted to RMB4,321,930,000 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 RMB80,527,000 arising from the acquisition of property, plant and equipment, depreciation charge of RMB207,881,000, a decrease in fair value of investment properties of RMB3,266,000 and an impairment loss on property, plant and equipment of RMB10,000,000 incurred for the period under review.

Current assets amounted to RMB9,033,331,000 comprised mainly inventories of RMB835,339,000, trade and other receivables of RMB2,316,517,000, bills receivable and bills receivable at fair value through other comprehensive income of RMB2,447,425,000 (inclusive of bills receivable discounted with recourse but not yet matured amounting to RMB1,620,748,000), pledged bank deposits of RMB481,097,000 and bank balances and cash of RMB2,952,905,000. Amount due from SGMW, a related company and a key customer of

the Group, amounted to RMB1,003,581,000 was recorded as trade and other receivables in the condensed consolidated statement of financial position. These receivables balances were subject to normal commercial settlement terms.

Current liabilities amounted to RMB9,532,479,000, comprised mainly trade and other payables of RMB5,476,571,000, contract liabilities of RMB174,880,000, lease liabilities of RMB39,165,000, provision for warranty of RMB107,149,000, bank borrowings — due within one year of RMB2,112,867,000 and advances drawn on bills receivable discounted with recourse of RMB1,621,847,000. The corresponding bills receivable discounted with recourse to these advances amounting to RMB1,620,748,000 were recorded as bills receivable discounted with recourse but not yet matured, which amounts would be offset against upon maturity.

The Group recorded net current liabilities of RMB499,148,000 as at 30 June 2024, which maintained at a similar level as compared to the net current liabilities of RMB477,071,000 as at 31 December 2023 since there had been no material changes in the financial and operational condition of the Group during the period.

Non-current liabilities amounted to RMB874,985,000 comprised mainly bank borrowings of RMB836,451,000, contract liabilities of RMB5,807,000 and deferred tax liability of RMB32,726,000.

Liquidity and Capital Structure

During the six months ended 30 June 2024, 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 also provided sources of finance to the Group through bill discounting activities and other borrowings at the most favourable terms offered in the market if needed by the Group.

As at 30 June 2024, total bank borrowings were RMB2,949,318,000, which were increased of 27.6% as compared to the total balances of RMB2,310,799,000 as at 31 December 2023. On the other hand, the outstanding advances drawn on bills receivable discounted with recourse were substantially decreased to RMB1,621,847,000. The corresponding bills receivable discounted with recourse to these advances amounting to RMB1,620,748,000 were recorded as bills receivable discounted with recourse but not yet matured, which would be offset

against upon maturity. During the period under review, the Group discounted total bills receivables amounting to approximately RMB2,929,409,000 with the banks for providing the necessary fundings for its daily operations.

Meanwhile, the Group maintained a relatively higher cash at bank balances (together with the pledged bank deposits) at RMB3,434,002,000, which was moderately increased as compared to the position as at 31 December 2023. In this regard, the Group had strategically managed to strengthen the liquidity position with the optimistic view of a solid economic recovery in the second half of 2024.

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 RMB1,922,528,000 as at 30 June 2024. Net asset value per share was approximately RMB58.3 cents as at 30 June 2024.

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.

Seasonality or Cyclicalities of Interim Operations

The Group's three main business segments namely (i) vehicles' power supply systems; (ii) automotive components and other industrial services; and (iii) commercial vehicles assembly sees higher demand for their products during the second half, which is consistent with the practice of the automobile industry. The aforementioned industry practice is primarily related to exhibitions and promotion activities held during September and October which stimulates higher demand in the following months until Chinese New Year. As a result, the Group typically reports higher revenue and segment results for the second half of the year, than the first half.

For the twelve months ended 30 June 2024, the three main business segments of the Group reported revenue of RMB9,302,967,000 (twelve months ended 30 June 2023: RMB11,395,962,000). The decrease was mainly attributable to the substantial reduction in the related revenue of the commercial vehicle assembly division resulting from the Group's repositioning strategy on the refitted vehicles since the second half of 2023.

Pledge of Assets

At 30 June 2024, bank deposits amounting to RMB481,097,000 held by the Group, bills receivable with an aggregate carrying amount of RMB4,950,000 and bills receivable discounted with recourse but not yet matured amounting to RMB1,620,748,000 were pledged to the banks mainly to secure certain banking, bills payable and bills discounting facilities offered to the Group.

Exposure to Fluctuation in Exchange Rates

At 30 June 2024, the Group maintained Hong Kong dollar and United States dollar trade and other payables equivalent to an aggregate amount of RMB32,269,000 and Hong Kong dollar, United States dollar and Indonesia shield bank deposits and trade and other receivables equivalent to an aggregate amount of RMB92,192,000. In comparison with the relative size of the Group's assets, liabilities and main transactions which are denominated in RMB, the Group regarded its exposure to fluctuations in exchange rates and currencies to be reasonable and would monitor the foreign exchange exposures of the Group as well as the prevailing market condition in arriving at appropriate strategy.

Commitments

At 30 June 2024, the Group has outstanding commitments, contracted but not provided for in the financial statements, in respect of the acquisitions of property, plant and equipment amounting to RMB148,143,000.

Contingent Liabilities

At 30 June 2024, the Group did not have any material contingent liabilities.

INTERIM DIVIDEND

The Board did not recommend the declaration of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

PURCHASE, REDEMPTION AND SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

CORPORATE GOVERNANCE

The Company recognizes the importance of good corporate governance to the Company's healthy growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the Company's needs. During the six months ended 30 June 2024, 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, as amended from time to time. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Own Code and the Model Code throughout the six months ended 30 June 2024.

AUDIT COMMITTEE

The Audit Committee of the Company ("Audit Committee"), comprising the three independent non-executive Directors, namely Mr. Ye Xiang (the Chairman), Mr. Wang Yuben and Mr. Xu Jinli, and non-executive Director, Mr. Li Zheng, has been established in accordance with Rule 3.21 of the Listing Rules, for the purpose of reviewing and providing, inter alia, supervision over the Group's financial reporting, internal controls and risk management systems. The terms of reference of the Audit Committee are currently disclosed on the websites of the Company (www.wuling.com.hk) and the Stock Exchange (www.hkexnews.hk).

At the request of the Audit Committee, the Company’s auditors, KPMG, had carried out a review of the unaudited interim financial information of the Group for the six months ended 30 June 2024 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The unaudited interim financial information of the Group for the six months ended 30 June 2024 has also been reviewed by the Audit Committee.

RESIGNATION AND APPOINTMENT OF EXECUTIVE DIRECTOR

Mr. Yang Jianyong (“Mr. Yang”) resigned as an executive Director with effect from 31 July 2024 in order to devote more time to his other management positions of the group companies of Guangxi Automobile Holdings Limited, the ultimate controlling shareholder of the Company.

To fill the causal vacancy from the resignation of Mr. Yang, Ms. Zhu Fengyan (“Ms. Zhu”) was appointed an executive Director with effect from 31 July 2024. Further details of Mr. Yang’s resignation and Ms. Zhu’s appointment were disclosed in the Company’s announcement dated 31 July 2024.

INTERIM REPORT

The interim report for the six months ended 30 June 2024 containing all information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.wuling.com.hk respectively in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Yuan Zhijun (Chairman), Mr. Wei Mingfeng and Ms. Zhu Fengyan 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 of
Wuling Motors Holdings Limited
YUAN Zhijun
Chairman

Hong Kong, 22 August 2024