五菱汽車集團控股有限公司
WULING MOTORS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability) (股份代號 Stock Code : 305)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS

	2020	2019	Change
	RMB'000	*RMB'000*	+/- (%)
Revenue	**15,382,213**	14,237,305	+8.0%
Gross profit	**1,209,428**	1,172,160	+3.2%
Loss for the year	**(21,867)**	(166,615)	-86.9%
Loss attributable to the owners of the Company	**(33,403)**	(124,026)	-73.1%
Loss per share			
Basic	**RMB(1.17) cents**	RMB(6.05) cents	-80.7%
Diluted	**RMB(1.17) cents**	RMB(6.05) cents	-80.7%
Final dividend	**HKD0.3 cent**	HKD0.3 cent	No change

RESULTS

The board of directors (the "**Board**") of Wuling Motors Holdings Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2020 together with the comparative figures for the previous year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTES	**2020** **RMB'000**	2019 *RMB'000*
Revenue	*4*		
Goods and services		**15,361,122**	14,223,941
Rental		**21,091**	13,364
Total revenue		**15,382,213**	14,237,305
Cost of sales and services		**(14,172,785)**	(13,065,145)
Gross profit		**1,209,428**	1,172,160
Other income	*5(a)*	**174,849**	199,982
Other gains and losses	*5(b)*	**(25,646)**	(201,030)
Impairment losses under expected credit loss model, net of reversals of impairment losses		**(21,831)**	(26,773)
Selling and distribution costs		**(250,695)**	(184,370)
General and administrative expenses		**(672,363)**	(772,983)
Research and development expenses		**(205,167)**	(195,034)
Share of results of associates		**(210)**	(16,717)
Share of results of joint ventures		**(17,412)**	(9,928)
Finance costs		**(216,577)**	(147,201)
Loss before taxation		**(25,624)**	(181,894)
Income tax credit	*6*	**3,757**	15,279
Loss for the year	*7*	**(21,867)**	(166,615)
Other comprehensive (expense) income for the year (after tax)			
Items that will not be reclassified to profit or loss:			
Revaluation surplus resulting from the change from property, plant and equipment and right-of-use assets to investment properties		**26,421**	12,574
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of operations outside Mainland China		**(5,348)**	(2,683)
Fair value gain (loss) on bills receivable at fair value through other comprehensive income		**24,636**	(7,915)
Other comprehensive income for the year		**45,709**	1,976
Total comprehensive income (expense) for the year		**23,842**	(164,639)

	NOTES	2020 RMB'000	2019 RMB'000
Loss for the year attributable to:			
Owners of the Company		**(33,403)**	(124,026)
Non-controlling interests		**11,536**	(42,589)
Total		**(21,867)**	(166,615)
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(7,658)**	(123,871)
Non-controlling interests		**31,500**	(40,768)
Total		**23,842**	(164,639)
Loss per share	*9*		
Basic		**RMB(1.17) cents**	RMB(6.05) cents
Diluted		**RMB(1.17) cents**	RMB(6.05) cents
Dividend	*8*		
Interim dividend		**Nil**	Nil
Final dividend		**HKD0.3 cent**	HKD0.3 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	NOTES	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**3,287,648**	3,380,575
Right-of-use assets		**288,329**	327,361
Investment properties		**353,899**	287,575
Interests in associates		**280,512**	280,722
Interests in joint ventures		**180,170**	160,316
Prepayments paid for acquisition of property, plant and equipment		**84,298**	640
Equity instrument at fair value through other comprehensive income		**2,048**	2,048
		4,476,904	4,439,237
CURRENT ASSETS			
Inventories		**1,357,159**	1,668,735
Trade and other receivables	*10*	**3,752,413**	4,035,821
Bills receivable at fair value through other comprehensive income		**4,177,028**	4,011,138
Financial assets at fair value through profit or loss		**–**	21,195
Prepaid tax		**11,200**	–
Pledged bank deposits		**681,745**	678,374
Bank balances and cash		**946,575**	838,056
		10,926,120	11,253,319
CURRENT LIABILITIES			
Trade and other payables	*11*	**7,581,995**	7,496,721
Contract liabilities		**497,840**	466,341
Lease liabilities		**36,273**	38,317
Provision for warranty	*12*	**95,961**	77,530
Tax payable		**–**	56,662
Bank and other borrowings		**1,455,756**	955,527
Advances drawn on bills receivable discounted with recourse		**3,142,818**	3,250,263
Convertible loan notes		**–**	214,050
Financial liabilities at fair value through profit or loss		**–**	2,384
		12,810,643	12,557,795
NET CURRENT LIABILITIES		**(1,884,523)**	(1,304,476)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,592,381**	3,134,761

	NOTES	2020 RMB'000	2019 RMB'000
NON-CURRENT LIABILITIES			
Contract liabilities		**10,939**	12,406
Lease liabilities		**6,977**	18,748
Amount due to an associate		**50,000**	50,000
Bank and other borrowings		**484**	720,000
Deferred tax liabilities		**30,945**	28,284
		99,345	829,438
		2,493,036	2,305,323
CAPITAL AND RESERVES			
Share capital	*13*	**11,043**	7,366
Reserves		**1,463,522**	1,303,238
Equity attributable to owners of the Company		**1,474,565**	1,310,604
Non-controlling interests		**1,018,471**	994,719
		2,493,036	2,305,323

NOTES

FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity and going concern of the Company and its subsidiaries (collectively referred as the "Group") in light of the Group's current liabilities exceeded its current assets by approximately RMB1,885 million (31 December 2019: RMB1,304 million) and the Company's current liabilities exceeded its current assets by approximately RMB62 million (2019: approximately RMB216 million) as at 31 December 2020. The directors of the Company are of the opinion that, after due and careful enquiry taking into account the completion of a top-up placing and subscription exercise on 1 February 2021, from which a net proceed amounting to approximately RMB448.2 million was raised by the Company, together with continuous financial support provided from Guangxi Automobile and the financial resources available to the Group, including internally generated funds, the available banking facilities for issuance of bills payable and bank borrowings and assets available to pledge for obtaining further banking facilities, the Group has, in the absence of unforeseeable circumstances, sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future.

Accordingly, the directors of the Company believe that it is appropriate to prepare the consolidated financial statements on a going concern basis without including any adjustments that would be required should the Group fail to continue as a going concern.

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

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements.

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

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this final results announcement.

4. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue

	Notes	**2020** *RMB'000*	2019 *RMB'000*
Types of goods and services			
Sales of engines and related parts	*(a)*	**3,115,390**	2,632,657
Sales of automotive components and accessories	*(b)*	**6,333,780**	6,274,100
Sales of specialized vehicles	*(c)*	**5,097,664**	4,474,073
Trading of steels	*(b)*	**718,900**	661,710
Provision of water and power supply	*(b)*	**95,388**	181,401
Revenue from contracts with customers		**15,361,122**	14,223,941
Gross rental from investment properties		**21,091**	13,364
		15,382,213	14,237,305
Timing of revenue recognition			
A point of time		**15,265,734**	14,042,540
Over time		**116,479**	194,765
Total		**15,382,213**	14,237,305
Geographical markets			
The PRC (excluding Hong Kong)		**15,327,223**	14,163,977
Others		**54,990**	73,328
Total		**15,382,213**	14,237,305

Notes:

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

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

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

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. 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:

- Engines and related parts — Manufacture and sale of engines and engine related parts
- Automotive components and other industrial services — Manufacture and sale of automotive components and accessories, trading of steels, and provision of water and power supply services
- Specialized vehicles — Manufacture and sale of specialized vehicles
- Others — Property investment and others

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

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 share of profits less losses of associates and joint ventures, fair value changes of financial instruments at fair value through profit or loss and investment properties, and other head office or corporate administration costs.

For the year ended 31 December 2020

	Engines and related parts *RMB'000*	Automotive components and other industrial services *RMB'000*	Specialized vehicles *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Consolidated *RMB'000*
Revenue from external customers	**3,115,390**	**7,148,068**	**5,097,664**	**21,091**	**–**	**15,382,213**
Inter-segment sales	**14,560**	**55,773**	**15,056**	**–**	**(85,389)**	**–**
Total	**3,129,950**	**7,203,841**	**5,112,720**	**21,091**	**(85,389)**	**15,382,213**
Segment profit (adjusted EBIT)	**49,067**	**26,336**	**103,922**	**2,975**		**182,300**
Bank interest income						**79,268**
Change in fair value of financial assets/ liabilities at fair value through profit or loss ("FVTPL")						**(18,811)**
Net exchange gain						**24,114**
Decrease in fair value of investment properties						**(1,641)**
Central administrative costs						**(56,655)**
Share of results of associates						**(210)**
Share of results of joint ventures						**(17,412)**
Finance costs						**(216,577)**
Loss before taxation						**(25,624)**

For the year ended 31 December 2019

	Engines and related parts *RMB'000*	Automotive components and other industrial services *RMB'000*	Specialized vehicles *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Consolidated *RMB'000*
Revenue from external customers	2,632,657	7,117,211	4,474,073	13,364	–	14,237,305
Inter-segment sales	15,398	33,636	47	–	(49,081)	–
Total	2,648,055	7,150,847	4,474,120	13,364	(49,081)	14,237,305
Segment (loss) profit (adjusted EBIT)	(156,282)	48,068	81,123	1,118		(25,973)
Bank interest income						37,404
Change in fair value of financial assets/ liabilities at FVTPL						21,513
Central administrative costs						(40,992)
Share of results of associates						(16,717)
Share of results of joint ventures						(9,928)
Finance costs						(147,201)
Loss before taxation						(181,894)

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

5. OTHER INCOME/OTHER GAINS AND LOSSES

(a) Details of other income are as follows:

	2020 *RMB'000*	2019 *RMB'000*
Bank interest income	**79,268**	37,404
Government grants *(note i)*	**47,784**	45,871
Sales of scrap materials, parts and others	**19,022**	70,473
Machinery and other property rental income *(note ii)*	**13,440**	28,032
Service income on repairs and maintenance	**3,089**	6,840
Income on use of technology knowhow	**1,466**	1,466
Others	**10,780**	9,896
	174,849	199,982

Notes:

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

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

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

	2020 *RMB'000*	2019 *RMB'000*
Impairment loss on property, plant and equipment	**(55,069)**	(187,636)
Foreign exchange gain (loss), net	**24,114**	(27,344)
Fair value change of financial assets/liabilities at FVTPL	**(18,811)**	21,513
Gain on technology appraised as capital investment in a joint venture	**29,997**	–
Loss on disposal of property, plant and equipment	**(7,351)**	(12,484)
Fair value change of investment properties	**(1,641)**	4,921
Others	**3,115**	–
	(25,646)	(201,030)

6. INCOME TAX CREDIT

	2020	2019
	RMB'000	*RMB'000*
Tax expense (credit) represents:		
PRC Enterprise Income Tax		
Current	**7,466**	1,018
Withholding tax on dividend distribution	**471**	2,018
Overprovision in prior years	**(9,693)**	(21,212)
	(1,756)	(18,176)
Deferred tax		
Origination and reversal of temporary differences	**(2,001)**	2,897
	(3,757)	(15,279)

7. LOSS FOR THE YEAR

	2020	2019
	RMB'000	*RMB'000*
Loss for the year has been arrived at after charging (crediting) the following items:		
Directors' emoluments	**2,176**	2,470
Other staff costs:		
Salaries, bonus and other benefits	**910,535**	915,174
Contributions to retirement benefit schemes, excluding directors	**60,371**	65,682
Total staff costs	**973,082**	983,326
Auditor's remuneration	**2,229**	2,599
Depreciation of property, plant and equipment	**278,227**	296,825
Depreciation of right-of-use assets	**50,011**	46,246
Total depreciation	**328,238**	343,071
Cost of inventories*	**14,079,054**	12,907,174

* Cost of inventories includes RMB817,860,000 (2019: RMB746,552,000) relating to staff costs and depreciation expenses, which amount is also included in the respective total amounts disclosed separately above.

8. DIVIDEND

	2020	2019
	RMB'000	*RMB'000*
Dividends recognized as distribution during the year:		
2019 Final dividend of HKD 0.3 cent (2019: 2018 final dividend of HKD 0.5 cent) per share	**7,769**	9,164

Subsequent to the end of the reporting period, a final dividend of HKD0.3 cent per share amounting to approximately HKD9,894,000 (or equivalent to RMB8,331,000) in respect of the year ended 31 December 2020 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share attributable to the ordinary equity shareholders of the Company of RMB33,403,000 (2019: RMB124,026,000) and the weighted average of 2,864,534,000 ordinary shares (2019: 2,050,108,000 shares) in issue during the year, calculated as follows:

	2020	2019
	'000	*'000*
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	**2,050,108**	2,050,108
Effect of Rights Issue *(Note 14)*	**814,426**	N/A
Weighted average number of ordinary shares at 31 December	**2,864,534**	2,050,108

(b) Diluted loss per share

There were no dilutive potential ordinary shares during each of the year end 31 December 2020 and 2019, and therefore, diluted loss per share is the same as the basic loss per share.

10. TRADE AND OTHER RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables:		
— SAIC-GM-Wuling Automobile Co., Limited ("SGMW")	**2,493,646**	2,253,891
— Guangxi Automobile Group	**30,837**	47,914
— Guangxi Weixiang Machinery Company Limited ("Guangxi Weixiang")	**389**	547
— Liuzhou AAM Automotive Driveline System Co., Limited ("Liuzhou AAM")	**2,571**	574
— Faurecia (Liuzhou) Automotive Seating Co., Limited ("FL Seating")	**4,715**	2,556
— Faurecia (Liuzhou) Automotive Interior System Co., Limited ("FL Interior")	**6,345**	13,609
— Faurecia (Liuzhou) Emission Control Technologies Co., Limited ("FL Emissions")	**15,700**	33,562
— third parties	**875,479**	975,625
	3,429,682	3,328,278
Less: Allowance for credit losses	**(87,034)**	(64,427)
Subtotal	**3,342,648**	3,263,851
Other receivables:	**40,043**	30,118
Less: Allowance for credit losses	**(1,027)**	(1,803)
Subtotal	**39,016**	28,315
Prepayments	**297,831**	585,057
Value-added tax recoverable	**72,918**	158,598
Total trade and other receivables	**3,752,413**	4,035,821

Included in the trade and other receivables are trade receivables of RMB3,342,648,000 (2019: RMB3,263,851,000) and an ageing analysis of trade receivables (net of allowance for credit losses) presented based on the invoice date is as follows:

	2020	2019
	RMB'000	*RMB'000*
0–90 days	**3,051,048**	3,159,976
91–180 days	**262,863**	37,783
181–365 days	**17,538**	27,370
Over 365 days	**11,199**	38,722
	3,342,648	3,263,851

11. TRADE AND OTHER PAYABLES

	2020	2019
	RMB'000	*RMB'000*
Trade and bills payables:		
— SGMW	**542,864**	841,627
— Guangxi Automobile Group	**40,404**	46,077
— FL Seating	**96,225**	118,878
— FL Interior	**43,954**	42,864
— FL Emissions	**104,805**	14,141
— Other related companies	**7,652**	29
— third parties	**5,928,446**	5,646,425
	6,764,350	6,710,041
Value added and other tax payables	**259,338**	231,300
Accrued research and development expenses	**95,062**	143,725
Accrued staff costs	**137,485**	209,087
Deposits received from suppliers	**31,728**	50,568
Other payables	**294,032**	152,000
Total trade and other payables	**7,581,995**	7,496,721

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

Trade payables

	2020	2019
	RMB'000	*RMB'000*
0 to 90 days	**3,278,950**	3,133,208
91 to 180 days	**260,572**	327,970
181 to 365 days	**184,948**	235,622
Over 365 days	**233,766**	209,899
	3,958,236	3,906,699

Bills payable

	2020	2019
	RMB'000	*RMB'000*
0 to 90 days	**1,440,483**	1,920,813
91 to 180 days	**1,365,631**	882,529
	2,806,114	2,803,342

12. PROVISION FOR WARRANTY

	RMB'000
At 1 January 2019	119,290
Additional provision in the year	18,844
Utilization of provision	(60,604)
At 31 December 2019	**77,530**
Additional provision in the year	**54,453**
Utilization of provision	**(36,022)**
At 31 December 2020	**95,961**

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. SHARE CAPITAL

	Number of shares	**Amount** *HKD'000*
Authorized:		
Ordinary shares of HKD0.004 each	25,000,000,000	100,000
Convertible preference shares of HKD0.001 each	1,521,400,000	1,521
Balance at 1 January 2019, 31 December 2019 and 31 December 2020		101,521
Issued and fully paid:		
Ordinary shares of HKD0.004 each		
At 1 January 2019 and 31 December 2019	2,050,107,555	8,200
Issue of new ordinary shares by Rights Issue (as defined in Note 14 below)	1,025,053,777	4,101
At 31 December 2020	3,075,161,332	12,301

	2020 *RMB'000*	2019 *RMB'000*
Shown in the consolidated financial statements at the end of the reporting period as	**11,043**	7,366

14. RIGHTS ISSUE

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

15. EVENTS AFTER THE END OF THE REPORTING PERIOD

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

* *for identification purpose only.*

MANAGEMENT DISCUSSION AND ANALYSIS

Operation Review — By Key Business Segments

The business performance and analyses of the Group's three main business segments namely (1) engines and related parts; (2) automotive components and other industrial services; and (3) specialized vehicles for the year ended 31 December 2020 were detailed below:

Engines and Related Parts

Total revenue (based on external sales) of the engines and related parts division for the year ended 31 December 2020 was RMB3,115,390,000, representing an increase of 18.3% as compared to previous year. Total number of engines sold by the subsidiary, Liuzhou Wuling Liuji Motors Company Limited ("Wuling Liuji"), for the year was approximately 233,000 units, representing an increase of approximately 22.6% as compared to previous year.

During the year, sales to SAIC-GM-Wuling Automobile Co., Limited ("SGMW"), our core customer, amounted to approximately RMB1,637,033,000, representing an increase of 53.7% as compared to previous year. The increase was mainly attributable to an increase in the sale volume of the NP18 model to SGMW for their Capacity 1.8L vehicle models, which amounted to approximately 111,000 units as compared to 73,000 units achieved in 2019. Meanwhile, the business volume of the 3C products (i.e. cylinder block, cylinder head and crankshaft components) supplying to SGMW continued to achieve a steady growth during the year.

Despite the negative impact from the COVID-19 which led to certain extent suspension and disruption in operations of the division in the first half of 2020 and resulted in an operating loss of RMB46,920,000 during the period, benefited from the general recovery of the economic situation of the PRC and the robust increases in sale volumes of the engine and related parts division, business and profitability performance of the division had since been significantly improved in the second half of 2020. Hence, an operating profit of RMB49,067,000 was achieved on a full year basis as compared to the operating loss of RMB156,282,000 as reported in previous year.

As a long standing industry leader in the manufacturing of engines for the various types of vehicles, apart from SGMW, Wuling Liuji continued to supply products to other automobile manufacturers. Recently, benefited from the regulatory upgrade requirement of the national standard of motor vehicles in China (i.e., the upgrading from National V to National VI standard) since the second half of 2019, sales to other customers, primarily National VI standard engine sets with capacity range from 1.0L to 1.6L, continued to achieve a steady growth and increased to approximately RMB1,478,357,000 for the year, which accounted for approximately 47.5% of the total revenue of this division.

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

To further expand the product range and to achieve higher technical capability, Wuling Liuji has also actively undertaken development projects for the production of the upgraded engine products in serving the different needs of the customers, especially targeting at the passenger vehicles segment, which included the recent upgrading projects of the main models of Wuling Liuji in compliance with the regulatory upgrade of the national standard of motor vehicles in the PRC (i.e., the upgrading from National V to National VI standard) which had made significant contribution to the business performance of the division in the year of 2020.

Besides, Wuling Liuji has also undertaken projects for the continuous enhancement of the NP18 model and for the development of the new model namely, NPT20 (Capacity 2.0L) in serving the specific needs of the customers of the passenger vehicles segment. The Group considers that completion of the new highly-automated production facilities designated for the NPT20 model would further strengthen the market position of Wuling Liuji by having a comprehensive range of products ranging from 1.0L to 2.0L with the essential vertical integration elements, i.e., the in-house manufacturing of the foundry components. Wuling Liuji is confident that sales of this new model would gradually pick up and would benefit the business performance of the division in the near future.

At the same time, to kick start the business development in the segment of new energy vehicles, through a joint venture formed with a technical partner, Wuling Liuji had commenced business activities in the development and production of electric motor control system and related components for new energy vehicles. At the back of the competitive strength and knowhow of the cooperative partner in their respective automobile and electric motor control system industry, the division enjoyed a speedy development in this great potential business segment, where the first batch of the Group's electric motor control system products applicable for electric vehicles were developed and completed. Construction of the new production line for the mass production of the Group's electric motor control system products and related components for new energy vehicles was completed in May 2020. The Group has already submitted sample products to several potential customers during the last quarter of 2020 and is currently planning for a scale production of the electric motor control system and related components for the key customers in the near future.

Facing the imminent massive changes to be taken place in the automobile industry, the engines and related parts division had formulated appropriate strategy towards this new energy era by positioning ourselves as an enterprise serving power supply solutions to the car manufacturers. Hence, the scope of products Wuling Liuji aims at developing and supplying would cover a comprehensive range of products, including the traditional petrol engines in compliance with the high recognition of environmental protection standard, power supply solutions for hybrid model vehicles, as well as the related key components for the power supply systems of electric vehicles and other new energy vehicles.

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

Automotive Components and Other Industrial Services

Total revenue (based on external sales) of the automotive components and other industrial services division for the year ended 31 December 2020 was RMB7,148,068,000, representing a slight increase of 0.4% as compared to previous year.

The outbreak of the COVID-19 had severely affected the operation of this division during the first half of 2020. The associated mandatory measures of quarantine and lockdown for fighting against the spreading of COVID-19 at that moment led to low volume of production of the key customer and resulted in a significant decline in the business volume of the division. Coupled with the adverse impact from the additional costs incurred in the adoption and implementation of the requisite health and safety measures and procedures in the production facilities of the division in order to provide a safety and an appropriate working environment for our staff and workers upon resumption of production, the high level of research and development expenses due to continuous launches of new products and the implementation of certain technological upgrade and enhancement projects and certain impairment losses made against certain long overdue receivable balances and the carrying values of property, plant and equipment of the division, the division recorded a substantial operating loss of RMB142,771,000 for the first half of 2020. However, same as the engines and related parts division, benefited from the general recovery of the economic situation of the PRC and the robust increases in sale volumes driven by the key customer, business and profitability performance of the division had since been significantly improved in the second half of 2020. Hence, an operating profit of RMB26,336,000 was achieved on a full year basis, notwithstanding the substantial loss incurred in the first half of 2020.

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. During the year, due to the unprecedented factors as explained above, total sales to SGMW through the Group or our associated companies, comprised the range of products including the brake and the chassis assembly components, seat sets, various plastic and welding parts and other automotive accessories, had all experienced a severely volatile business environment, which was essentially big challenge to the enterprise in terms of its ability in facing adversity and embracing opportunities. The impressive business performance of the automotive components and other industrial services division had clearly demonstrated that our pliable and valuable experiences amassed from both favourable and adverse conditions in the automobile industry would be conducive to the pursuit of our long term business goals under the present highly dynamic business environment.

With our long and established industry experiences, the automotive components and other industrial services division of the Group is particularly strong in product design and development. Our capability in supplying a wide range of products provides a one-stop shop services to the customers, whereas, the scalability of its production facilities ensures the particular needs of our customers can be properly taken care of. For further expansion of the business volume and the improvement of profitability, the component products of the division had been extended from the traditional well and established commercial mini-vehicles to other higher value added passenger vehicles, such as the sedan, MPV and SUV segments, as well as the electric vehicles. Meanwhile, through continuous efforts of market diversification, we have also successfully expanded our components supply to other prominent car manufacturers with production bases in the south western part of the PRC.

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

Apart from the production facilities in the Liuzhou region, Wuling Industrial had also formulated development plans for the other two main production facilities in the PRC, i.e. the production facilities located in Qingdao and Chongqing. As for the production facilities in Qingdao, due to the launches of the new passenger vehicles by SGMW manufactured in their production base in Shandong, the production facilities located in Qingdao has also undertaken certain technology advance and capacity expansion projects. Such projects, which involved the construction of a new factory premises, the establishment of several large scale plastic injection production lines, as well as other automatic welding and assembly lines and the installation of industrial robots, were completed and had gradually started operating. With respect to the production facilities in Chongqing, following the full operation of the first phase, Wuling Industrial keeps monitoring the business environment in determining the commencement of the construction of the second phase development to cope with the potential demands arising from the expansion plans of the customers in future.

In addition to the above facilities, the Group has also recently established a new production facility in Guiyang in the Guizhou province, which has commenced operation in the second half of 2019 by supplying automotive components to another renowned local car manufacturer. Over the past few years, the Group has taken strategic steps in the PRC to transform from a single production point operation in Liuzhou into an interprovincial production group with facilities in Guangxi, Shandong, Chongqing and Guizhou, accomplishing a synchronized expansion and improvement in terms of corporate size and core competitiveness, meanwhile establishing a sound foundation for the Group's business growth and sustainable development in the future.

Apart from the geographical expansion in capacity, these strategic steps over the past few years have also strengthened the commercial collaboration between the Group and SGMW and other new customers in pursuing current businesses as well as other future business opportunities, which was demonstrated by the establishment of the Group's its production overseas plants in Indonesia and India recently. The production plant in Indonesia, which comprises a number of welding, stamping and assembly production lines for manufacturing of the automotive components for the rear suspension, front axle parts of vehicles, with an initial planned production volume of 100,000 sets/units per annum, were still operating at a loss during the year primarily due to the low utilization rate of the operating facilities as affected by the COVID-19 issue. However, being the fourth largest population country in the world and in consideration of its recent economic development, the Group is of the view that there is great business potential for the automobile industry in Indonesia and expects that the business performance of the Group's automotive components businesses in Indonesia will be improved in the foreseeable future.

Meanwhile, the production plant of the Group in India, which had a smaller scale of operation and targeted for the automotive component business of a renowned PRC car manufacturer continued to deliver a solid result in the year of 2020.

Going forward, the Group considers the competitive strength of its key customer, SGMW, in the market on the back of its successful models and the launch of new models, including the electric vehicles and the implementation of the appropriate strategic and business programmes for other customers, will continue to provide strong supports to the operation of the automotive components and other industrial services division in the years onwards.

Specialized Vehicles

Total revenue (based on external sales) of the specialized vehicles division undertaken by Wuling Industrial for the year ended 31 December 2020 was RMB5,097,664,000, representing an increase of 13.9% as compared to previous year. Operating profit for the year was RMB103,922,000, representing an increase of 28.1%.

Continuous launches of new models of specialized vehicles ensured a steady business volume irrespective of the adverse effect from the COVID-19 in the first half of 2020. Meanwhile, incurring of additional costs in the adoption and implementation of the requisite health and safety measures and procedures in the production facilities of the division facing the COVID-19 and the increases of warranty and marketing expenses due to continuous launches of new products impeded the continuous improvement in profitability of the division during the year.

During this year, Wuling Industrial sold approximately 115,000 specialized vehicles, representing a slight decrease of 0.9% as compared to previous year. In which, the sale volume of redecorated vans and other types of vehicles (primarily sight-seeing vehicles and new energy vehicles) were approximately 107,000 and 8,000 respectively, amongst which approximately 7,000 vehicles were new energy vehicles, which included 4,706 newly launched electric logistic vehicles.

Despite the severe business environment as affected by the COVID-19 during the first half of 2020, proactive marketing strategies and continuous launches of new models benefited the business performance of the division from which the momentum of the sale volume of redecorated vans was maintained and continued to rank as the leading supplier in this market segment. Meanwhile, the division continued to experience an impressive increase in the sale volume of electric vehicles contributed primarily from the electric sight-seeing vehicles and electric logistic vehicles. Wuling's electric sight-seeing buses being selected as the designated transport vehicle in some national and international events also helped to upgrade its product image and provided positive feedback from the market.

Operating margin improved to 2.0% for the year despite the above mentioned unfavourable factors and the additional marketing costs incurred in the launches of new models, mainly electric logistic vehicles. However, high portion of redecorated vans having low profit margin, competitive pricing strategy and increasing production costs resulting from product upgrades and improvements continued to limit the profitability performance of the division. Nevertheless, as a leading manufacturer in this niche market, the Group is confident that the profitability of this division will eventually be improved due to the increasing sale volume of higher-end products in the market in consequence of the increasing customers' preferences towards higher quality products where the Group is working towards strategically.

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

The capability of the specialized vehicles division in the car assembly industry is originated from the long standing industry experiences of Wuling. In fact, the models designed and developed by the Group are mainly branded as "Wuling", which is itself a benchmark of quality products and services in the market. Besides, in line with the national policies relating to environment protection and the promotion of clean energy, the division aims at playing an important part in the new energy vehicle segment and is actively pursuing various development plans for market expansions and enhancement of research capability. Being the primary focus of development of the division, certain electric vehicle products of the Group, including electric logistic vehicles, electric sightseeing buses and other electric vehicles, had started to gradually launch to the market.

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

Over the years, the Group had unremittingly developed new models of specialized vehicles with improved quality and added features in response to market demands and enhanced regulatory standards, such as the recently launched hot-selling stall car, the Group's first electric logistic vehicle (EV50) and the forthcoming refrigerated mini-truck. The Group is confident that the launches of these new models will be beneficial to the profitability performance of the division. Currently, production facilities of the specialized vehicles division of the Group are situated in Liuzhou and Qingdao. Taking the advantage of having an existing operation in Chongqing, the Group has commenced the construction of a production plant for the assembly of specialized vehicles in the production facilities in Chongqing, completion of which will not only expand the capacity of the specialized vehicles division, but also facilitate geographical diversification which enables the benefits of quality services and cost effectiveness. In addition, our parent company, Guangxi Automobile Holdings Limited, had also initiated the construction of a production base for the new energy vehicle in the Liuzhou district recently, with a targeted annual production capacity of 200,000 vehicles. We believe this new production capacity for new energy vehicles would provide a strategic back up to the Group in grasping the future business potential from the new energy vehicles assembly business.

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

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 specialized vehicles segment, through implementation of active business strategies in promoting new models, primarily the new energy vehicles on the back of the favourable government policy and economic environment.

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

Performance of Principal Joint Ventures and Associated Companies

Liuzhou Lingte Motor Technology Company Limited ("Liuzhou Lingte"), which was formed by Wuling Liuji with IAT Automobile Technology Co., Ltd., for purpose of developing and pursuing the businesses of the proprietary V6 cylinder engine products, had made some solid development during the year. Following the completion of a capital increase exercise in the second half of 2020, the respective shareholding interests held by Wuling Liuji was decreased to 29.9%. Meanwhile, business volume, primarily the 3.0L Advanced Model, was gradually picked up through appropriate marketing and promotion programmes. During the year ended 31 December 2020, Liuzhou Lingte registered an annual revenue of RMB24,125,000, representing a year-on-year increase of 195%, whereas net operating loss was further increased by 40% to RMB16,996,000 due to the low utilization rate and the moderate increase of administrative expenses, in which a loss of RMB5,087,000 was attributable to the Group. Nevertheless, the Group considers the successful development of the V6 products by Liuzhou Lingte will significantly enhance our products range and capability in the industry.

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 business volume and profitability during the year due to the stable business environment of the construction and engineering machinery market despite the unfavourable factors caused by the COVID-19 in the first half of 2020. During the year ended 31 December 2020, Guangxi Weixiang registered an annual revenue of RMB590,978,000, representing a moderate increase of 10.1% on a year-on-year basis, whereas net profit was also moderately improved by 9.0% to RMB14,099,000, in which a profit of RMB7,049,000 was attributable to the Group.

Faurecia (Liuzhou) Automobile Seating Co., Limited ("FL Seating") which is owned as to 50% each by Wuling Industrial and Faurecia Group for pursuing the business of car seat products in the PRC has entered into the third year of operation in 2020. It is expected that the cooperation with Faurecia Group, being a global leading manufacturer in the business of automotive parts and components will provide essential technical support to the Wuling Industrial in further promoting its business opportunities in the car seat businesses for the existing customers as well as other new customers. FL Seating, which operation is primarily facilitated by the transfer of machinery and equipment, the re-designation of certain employees of Wuling Industrial and the leasing of certain production premises and facilities of Wuling Industrial in Liuzhou and Qingdao, resumed its profitability during the year despite the unfavourable factors caused by the COVID-19 in the first half of 2020. During the year ended 31 December 2020, FL Seating achieved an annual revenue of RMB386,372,000, representing a year-on-year decrease of 36.0%. However, benefited from higher portion of higher margin products and a reduction of the administrative expenses, FL Seating achieved a net operating profit of RMB1,080,000 (as compared to a net operating loss of RMB18,444,000 incurred in 2019), in which a profit of RMB540,000 was attributable to the Group.

Faurecia (Liuzhou) Automobile Interior System Co., Limited ("FL Interior") which is owned as to 50% each by Wuling Industrial and Faurecia Group for pursuing the business of automotive interior system, its related parts and accessories, including cockpit, instrument panel, auxiliary instrument panel, door trim panel, acoustics and soft trim in the PRC has also entered into the third year of operation in 2020. It is expected that the co-operation with Faurecia Group will provide essential technical support to the Wuling Industrial in further promoting its business opportunities in these types of products from SGMW as well as other new customers. FL Interior, which operation is also primarily facilitated by the transfer of machinery and equipment, the re-designation of certain employees of Wuling Industrial and the leasing of certain production premises and facilities of Wuling Industrial in Liuzhou and Qingdao, was adversely affected by a decrease in business volume primarily due to unfavourable factors caused by the COVID-19 in the first half of 2020. Accordingly, during the year ended 31 December 2020, FL Interior achieved an annual revenue of RMB194,055,000, representing a year-on-year decrease of 60.2%, from which a net operating loss of RMB6,751,000 was incurred (as compared to a net operating profit of RMB778,000 achieved in 2019), in which a loss of RMB3,376,000 was attributable to the Group.

Faurecia (Liuzhou) Emission Control Technologies Co., Limited ("FL Emission") which is owned as to 50% each by Wuling Industrial and Faurecia Group for pursuing the business of automotive emissions control system products and related parts and components in the PRC has commenced operation in May 2019. It is expected that the co-operation with Faurecia Group will provide essential technical support to the Group in further promoting its business opportunities in these types of products from SGMW as well as other new customers. The initial operation of FL Emission was primarily facilitated by the transfer of machinery and equipment of Wuling Industrial which were used for the production of automotive emissions control system products located in Liuzhou and the re-designation of certain employees of Wuling Industrial and the leasing of certain production premises and facilities of Wuling Industrial located in Liuzhou. Despite the unfavourable factors caused by the COVID-19 in the first half of 2020, the business activities of FL Emission has been progressing satisfactorily during the year ended 31 December 2020 with an annual revenue of RMB674,504,000 which helped to deliver a net profit of RMB5,251,000, in which a profit of RMB2,626,000 was attributable to the Group.

Liuzhou AAM Automotive Transmission System Co., Ltd. ("AAMJV"), which is owned as to 50% each by Wuling Industrial and American Axle & Manufacturing, Inc. ("AAM International") and occupies the highly automated "Smart Factory" under the third phase development of the Liudong Facilities, for the purpose of developing and pursuing the business of the manufacturing and sales of driveline products business, which includes the independent drive axles, propshafts and other driveline products, driveheads for high-end Salisbury axles or banjo axles, e-drive units for new energy vehicles, and other driveline components for motor vehicles has commenced operation in the second half of 2019. It is expected that the co-operation with AAM International will enable faster improvement in the processing technique of vehicle axles to meet the requirements of medium-end and high-end passenger vehicles, from which the joint venture company could serve as a platform to co-operate on to furthering the technology development of vehicle axle products, such as vertical rear axles, transmission axles and other related components. During the year ended 31 December 2020, due to the unprecedented adversity caused by the COVID-19 in the first half of 2020, the planned projects of AAM JV had been delayed. As a result, AAM JV could only manage a total revenue of RMB43,491,000, from which net operating loss was significantly increased to RMB24,907,000 due to the low utilization rate, in which RMB12,454,000 was attributable to the Group.

Financial Review

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Group's total revenue for the year ended 31 December 2020 was RMB15,382,213,000, representing an increase of 8.0% as compared to previous year. Despite the tough business environment caused by the outbreak of COVID-19 in early 2020 which had led to a serious extent of suspension and disruption in the operations of the Group especially in the first quarter of 2020, positive impact from the general recovery of the economic situation of the PRC and the robust increases in sale volumes of the engine and related parts division, and the automotive components and other industrial services division of the Group in the second half of 2020 provided an impressive turnaround to the Group on a full year basis. Meanwhile, continuous launches of new models and the active promotion of the Group's specialized vehicles, including the electric vehicles, ensured steady sale revenue of the specialized vehicles division, notwithstanding the automobile industry in the PRC being experienced the third consecutive year of decline in sale volume in the year 2020.

Gross profit for the year under review was RMB1,209,428,000, representing a mild increase of 3.2% as compared to previous year. This mild increase was primarily due to the impressive improvement in the operation of the Group during the second half of 2020 as aforementioned. Overall, due to the severe decline in gross margin of the Group's operations in the first half of 2020 as affected by the COVID-19, the gross profit margin of the Group for the year ended 31 December 2020 was 7.9%, which was moderately decreased as compared to the 8.2% as recorded in previous year.

Riding on the momentum of a swift recovery from the second half of 2020 and the supportive government policies towards new energy vehicles, the Group had actively pursued the new development projects for new energy vehicles and the EV components, research and development expenses were increased moderately by 5.2% to RMB205,167,000 during the year ended 31 December 2020. The Group is confident these new development projects would be beneficial to the business growth and performance of the Group in the years ahead.

Due to the undesirable business performance during the first half of 2020 as primarily affected by the COVID-19, the Group sustained a net loss of RMB21,867,000 for the year 2020, which however, represented a significant decrease of 86.9% as compared to the net loss of RMB166,615,000 as recorded in 2019. Meanwhile, the loss attributable to the owners of the Company was also substantially decreased to RMB33,403,000 for the year 2020, represented a significant decrease of 73.1% as compared to the loss attributable to the owners of the Company of RMB124,026,000 for the year 2019. As a positive note, the performance of the Group in the second half of 2020 would be even more encouraging when compared with the losses sustained by the Group in the first half of 2020.

Accordingly, basic and diluted loss per share for the year ended 31 December 2020 was RMB1.17 cents, which were significantly decreased as compared to the basic and diluted loss per share of RMB6.05 cents as recorded in previous year.

Other income comprised primarily bank interest income, sales of scrap materials and parts, government grants and other services income, etc, was in aggregate RMB174,849,000 for the year ended 31 December 2020, representing a decrease of 12.6% as compared to previous year. During the year, a substantial reduction in the sales of scrap materials and parts was partly compensated by a substantial increase in bank interest income and an increase in government grants.

Other gains and losses amounted to a net loss of RMB25,646,000 for the year ended 31 December 2020, which comprised primarily the combined results of the impairment loss of RMB55,069,000 made against the property, plant and equipment of the automotive components and other industry services division in Indonesia and in the PRC, gain on technology appraised as capital investment in a joint venture amounting to RMB29,997,000, loss on disposals of certain property, plant and machinery amounting to RMB7,351,000, decrease in fair value of investment properties amounting to RMB1,641,000, loss on fair value change of financial assets/liabilities at fair value through profit or loss of RMB18,811,000 and net exchange gain of RMB24,114,000, etc.

Share of result of associates represented primarily the combined operating results attributable to the joint ventures formed with the Faurecia Group, namely FL Seating, FL Interior and FL Emission, in which, FL Seating and FL Emission were benefited from the impressive recovery in the second half of 2020 and managed to deliver operating profits for the year ended 31 December 2020. Meanwhile, despite its loss making situation in 2020, business performance of FL Interior had also be gradually improved in the second half of 2020 as a result of the recovery of the automobile industry in the PRC.

Share of results of joint ventures registered a total net losses of RMB17,412,000 for the year ended 31 December 2020 primarily attributable to the net operating losses of Liuzhou Lingte and AAMJV, where the scale operations were yet to kick started during the year, whereas, Guangxi Weixiang continued to deliver a set of profitable results during the year ended 31 December 2020 due to the stable business environment of its business segment.

Selling and distribution costs of the Group comprised primarily transportation costs, staff costs and other marketing expenses were in aggregate RMB250,695,000 for the year ended 31 December 2020, representing a substantial increase of 36.0% as compared to previous year which was mainly due to an increase in the warranty expenses, as well as the marketing and promotion expenses associated with the launches of new products by the Group during the year.

General and administrative expenses of the Group comprised primarily salary and allowances, various insurance expenses, projects expenses, consumables and other administrative expenses were in aggregate RMB672,363,000 for the year ended 31 December 2020, representing a moderate decrease of 13.0% as compared to previous year, in which government subsidies and concessions associated with COVID-19, amounting to approximately RMB71 million for staff related costs had been taken into account. Besides, facing the tough and highly competitive business environment, the Group had continued to implement various cost control measures in containing the general and administrative expenses of the Group aiming at alleviating the adverse impact from a tightening gross profit margin and promoting competitiveness and efficiency.

Research and development expenses for the year ended 31 December 2020 amounted to RMB205,167,000, representing a moderate increase of 5.2% as compared to previous year due to continuous launches of new products and the implementation of certain technological upgrade and enhancement projects by the Group. Besides, riding on the momentum of a swift recovery from the second half of 2020 and the supportive government policies towards new energy vehicles, the Group had also actively pursued the new development projects for new energy vehicles and the EV components to cope with the surging demands from this high potential market segment.

Finance costs for the year ended 31 December 2020 amounted to RMB216,577,000, representing a significant increase of 47.1% as compared to previous year due to increases in borrowings and bill discounting activities by the Group during the year. The finance costs had also included an amount of RMB18,664,000 incurred for the convertible loan notes of the Company, calculated on the effective interest rates method. This convertible loan notes had been fully redeemed by the Company on maturity in May 2020.

Consolidated Statement of Financial Position

As at 31 December 2020, total assets and total liabilities of the Group stood at RMB15,403,024,000 and RMB12,909,988,000 respectively.

Non-current assets amounted to RMB4,476,904,000 comprised mainly property, plant and equipment, investment properties, right-of-use assets, interests in joint ventures and associates, etc. The total carrying values of the property, plant and equipment had taken into account of the total capital expenditure on purchase of property, plant and equipment of RMB343,547,000, deprecation charge of RMB278,227,000 and impairment losses of RMB55,069,000, which was mainly attributable to the plant and equipment in the automotive components and other industrial services division in the PRC and in Indonesia incurred during the year.

Current assets amounted to RMB10,926,120,000 comprised mainly inventories of RMB1,357,159,000, trade and other receivables of RMB3,752,413,000, bills receivables at fair value through other comprehensive income of RMB4,177,028,000 (inclusive of bills receivables discounted with recourse but not yet matured amounting to RMB3,148,527,000), pledged bank deposits of RMB681,745,000 and bank balances and cash of RMB946,575,000. Amount due from SGMW, a related company and a key customer in the engines and automotive components businesses of the Group amounted to RMB2,493,646,000 was recorded as trade and other receivables in the consolidated statement of financial position. These receivables balances were subject to normal commercial settlement terms.

Current liabilities amounted to RMB12,810,643,000, comprised mainly trade and other payables of RMB7,581,995,000, contract liabilities of RMB497,840,000, lease liabilities of RMB36,273,000, provision for warranty of RMB95,961,000, bank and other borrowings — due within one year of RMB1,455,756,000 and advances drawn on bills receivables discounted with recourse of RMB3,142,818,000. The corresponding bills receivables discounted with recourse to these advances amounting to RMB3,148,527,000 were recorded as bills receivables at fair value through other comprehensive income as at 31 December 2020, which would be offset against upon maturity.

The Group recorded net current liabilities of RMB1,884,523,000 as at 31 December 2020, which was increased as compared to the net current liabilities of RMB1,304,476,000 as at 31 December 2019, due to the shifting of the long term bank and other borrowings to other short term financing (bank borrowings and advances drawn on bills receivables discounted with recourse) during the year for enjoying lower interest rates.

Non-current liabilities amounted to RMB99,345,000 comprised mainly lease liabilities of RMB6,977,000, contract liabilities of RMB10,939,000, deferred tax liabilities of RMB30,945,000 and amount due to an associate of RMB50,000,000.

Liquidity and Capital Structure

During the year ended 31 December 2020, the operating and investing activities of the Group were mainly satisfied by the financing activities of the Group through the drawdown of bank borrowings and the bill receivables discounted.

The Group considers the application of alternative means of financing, i.e. bank borrowings and bill discounting activities in terms of the respective finance cost consideration. Besides, to contain finance costs of the Group, Guangxi Automobile provided sources of finance to the Group through bill discounting activities and other borrowings at the most favourable terms offered in the market.

As at 31 December 2020, total bank balances and cash maintained by the Group amounted to RMB946,575,000. Besides, pledged bank deposits amounting to RMB681,745,000 were also maintained to secure the banking facilities offered to the Group (mainly bills payable facilities).

The Group's bank and other borrowings — due within one year (other than advances drawn on bill receivables discounted with recourse) amounted to RMB1,455,756,000 as at 31 December 2020, which were increased by approximately 52.4% as compared to the corresponding figures as at 31 December 2019, due to the Group's financing strategy for the shift of the long term bank and other borrowings to short term bank borrowings for containing finance costs. Correspondingly, bank and other borrowings — due after one year were substantially reduced from RMB720,000,000 as at 31 December 2019 to RMB484,000 as at 31 December 2020.

As at 31 December 2020, the outstanding advances drawn on bill receivables discounted with resource maintained at RMB3,142,818,000. The corresponding bill receivables discounted with recourse to these advances amounting to RMB3,148,527,000 were recorded as bills receivables at fair value through other comprehensive income which would be offset against upon maturity.

Resulting from the abovementioned shifting of the long term bank and other borrowings to short term bank borrowings for containing finance costs, at 31 December 2020, the Group's net current liabilities amounted to RMB1,884,523,000, representing a substantial increase of approximately 44.5% as compared to the Group's net current liabilities of RMB1,304,476,000 as recorded at 31 December 2019.

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

The Rights Issue subsequently became unconditional on 10 March 2020 and was completed on 16 March 2020 where a total number of 1,025,053,777 new Shares were allotted and issued accordingly. Further details of the Rights Issue are available in the Company's announcements dated 2 January, 2020, 29 January 2020 and 16 March 2020 and the Company's prospectus dated 24 February 2020. On 23 May 2020, the convertible loan notes were fully redeemed by the Company.

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

Total equity attributable to the owners of the Company, comprised primarily the share premium, PRC general reserve, contributed surplus, capital reserve, other reserves and retained profits, amounted to RMB1,474,565,000 as at 31 December 2020. Net asset value per share was approximately RMB48 cents as at 31 December 2020.

In view of the dynamic business environment and the risks and exposures associated with the automobile industry, the Group had been and would cautiously implement its strategic and business plans such that the financial position in terms of the net assets of the Group and attributable to the owners of the Company, the amount of net current liabilities and the gearing ratio of the Group would be sustained in a financial healthy position. The Directors consider the current financial position of the Group will enable it to withstand the risks and challenges under the current market environment.

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

DIVIDEND

The Directors recommended the payment of a final dividend of HKD0.3 cent per Share for the year ended 31 December 2020 (the "Final Dividend") (2019: HKD 0.3 cent) to the Shareholders whose names shall be on the register of members of the Company on 28 June 2021, amounting to approximately HKD9,894,000 (equivalent to approximately RMB8,331,000). Subject to the approval by the Shareholders in the forthcoming annual general meeting of the Company to be held on Thursday, 10 June 2021 (i.e., the 2021 AGM), dividend warrants of the Final Dividend will be dispatched to Shareholders on or before 30 July 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 7 June 2021 to Thursday, 10 June 2021 (both dates inclusive), for the purpose of determining the Shareholders' eligibility to attend and vote at the 2021 AGM and during which period no transfer of the Shares will be effected. In order to qualify for attendance of the 2021 AGM, all completed transfer forms accompanied by the relevant share certificates of the Company must be lodged with the Company's branch share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 4 June 2021. The time and venue of the 2021 AGM will be advised in due course.

The register of members of the Company will be closed from Wednesday, 23 June 2021 to Monday, 28 June 2021 (both days inclusive), for the purpose of determining the Shareholders' entitlement to the Final Dividend and during which period no transfer of the Shares will be effected. In order to qualify for the Final Dividend, all completed transfer forms accompanied by the relevant share certificates of the Company must be lodged with the Company's branch share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 22 June 2021.

PURCHASE, REDEMPTION AND SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2020 (2019: Nil).

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of good corporate governance to the Company's healthy growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the Company's needs. During the year ended 31 December 2020, the Company confirmed that it has fully applied and complied with all the code provisions and certain recommended best practices as set out in Code on Corporate Governance ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Own Code") on terms no less exacting than the Model Code for Securities Transaction by Directors of Listed Issuers, as amended from time to time, (the "Model Code") as set out in appendix 10 to the Listing Rules.

Specific enquiry has been made to all of the directors of the Company. All of them have confirmed that they have complied with the Own Code and the Model Code throughout the year.

AUDIT COMMITTEE

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

The Audit Committee reviewed the accounting principles and practices adopted by the Company for the year ended 31 December 2020 before such documents were tabled for the Board's review and approval, discussed matters relating to audit, internal control system and financial reporting processes and reviewed this preliminary results announcement for the year ended 31 December 2020 of the Group. The Audit Committee is of the opinion that such documents complied with all the applicable accounting standards, the Listing Rules and other applicable legal requirements and that adequate disclosures have been made, if required.

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2020 containing all information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of Hong Kong Exchange and Clearing Limited at www.hkexnews.hk and the Company at www.wuling.com.hk in due course.

RESIGNATION AND APPOINTMENT OF DIRECTOR

Mr. Wang Zhengtong ("Mr. Wang") resigned as an executive director of the Company due to his own personal reason of having other new business commitment with effect from 29 January 2021.

Mr. Wei Mingfeng appointed as an executive director of the Company on 24 March 2021 to fill the causal vacancy from the resignation of Mr. Wang.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Yuan Zhijun (Chairman), Mr. Lee Shing (Vice-chairman and Chief Executive Officer), Mr. Yang Jianyong and Mr. Wei Mingfeng as executive directors and Mr. Ye Xiang, Mr. Wang Yuben and Mr. Mi Jianguo as independent non-executive directors.

On behalf of the Board
Yuan Zhijun
Chairman

Hong Kong, 30 March 2021