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 2021

FINANCIAL HIGHLIGHTS

	2021	2020	Change
	RMB'000	*RMB'000*	+/– (%)
Revenue	**14,408,507**	15,382,213	-6.3%
Gross profit	**1,085,847**	1,209,428	-10.2%
Loss for the year	**(45,860)**	(21,867)	+109.7%
Loss attributable to the owners of the Company	**(24,148)**	(33,403)	-27.7%
Loss per share			
Basic	**RMB(0.74) cent**	RMB(1.17) cents	-36.8%
Diluted	**RMB(0.74) cent**	RMB(1.17) cents	-36.8%
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 2021 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 2021

	NOTES	**2021** **RMB'000**	2020 *RMB'000*
Revenue	*4*		
Goods and services		**14,362,941**	15,361,122
Rental		**45,566**	21,091
Total revenue		**14,408,507**	15,382,213
Cost of sales and services		**(13,322,660)**	(14,172,785)
Gross profit		**1,085,847**	1,209,428
Other income	*5(a)*	**215,479**	174,849
Other gains and losses	*5(b)*	**(26,775)**	(25,646)
Impairment credit/(losses) under expected credit loss model, net of reversals of impairment losses		**22,355**	(21,831)
Selling and distribution costs		**(232,913)**	(250,695)
General and administrative expenses		**(577,317)**	(672,363)
Research and development expenses		**(408,360)**	(205,167)
Share of results of associates		**(6,526)**	(210)
Share of results of joint ventures		**(2,043)**	(17,412)
Finance costs	*7(a)*	**(115,661)**	(216,577)
Loss before taxation	*7*	**(45,914)**	(25,624)
Income tax credit	*6*	**54**	3,757
Loss for the year		**(45,860)**	(21,867)
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
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of operations outside Mainland China		**(3,436)**	(5,348)
Fair value (loss) gain on bills receivable at fair value through other comprehensive income ("**FVTOCI**")		**(7,990)**	24,636
Other comprehensive (expense) income for the year		**(11,426)**	45,709
Total comprehensive (expense) income for the year		**(57,286)**	23,842

	NOTES	2021 RMB'000	2020 RMB'000
Loss for the year attributable to:			
Owners of the Company		**(24,148)**	(33,403)
Non-controlling interests		**(21,712)**	11,536
Total		**(45,860)**	(21,867)
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(32,451)**	(7,658)
Non-controlling interests		**(24,835)**	31,500
Total		**(57,286)**	23,842
Loss per share	*9*		
Basic		**RMB(0.74) cent**	RMB(1.17) cents
Diluted		**RMB(0.74) cent**	RMB(1.17) cents
Dividend	*8*		
Interim dividend		**Nil**	Nil
Final dividend		**HKD0.3 cent**	HKD0.3 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	NOTES	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*10(c)*	**3,149,655**	3,287,648
Right-of-use assets	*10(b)*	**219,502**	288,329
Intangible assets		**26,055**	–
Investment properties	*10(a)*	**452,093**	353,899
Interests in associates		**301,172**	280,512
Interests in joint ventures		**174,630**	180,170
Deposits paid for acquisition of property, plant and equipment		**14,440**	84,298
Equity instrument at FVTOCI		**2,048**	2,048
		4,339,595	4,476,904
CURRENT ASSETS			
Inventories		**1,745,523**	1,357,159
Trade and other receivables	*11*	**2,664,609**	3,752,413
Bills receivable at FVTOCI	*12*	**3,789,160**	4,177,028
Prepaid tax		**2,969**	11,200
Pledged bank deposits		**643,933**	681,745
Bank balances and cash		**1,835,735**	946,575
		10,681,929	10,926,120
CURRENT LIABILITIES			
Trade and other payables	*13*	**7,350,218**	7,581,995
Contract liabilities		**195,660**	497,840
Lease liabilities		**6,570**	36,273
Provision for warranty	*14*	**95,023**	95,961
Bank and other borrowings		**1,558,488**	1,455,756
Advances drawn on bills receivable discounted with recourse		**2,876,265**	3,142,818
Financial liabilities at fair value through profit or loss ("**FVTPL**")		**14,200**	–
		12,096,424	12,810,643
NET CURRENT LIABILITIES		**(1,414,495)**	(1,884,523)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,925,100**	2,592,381

	NOTES	2021 RMB'000	2020 RMB'000
NON-CURRENT LIABILITIES			
Contract liabilities		**9,472**	10,939
Lease liabilities		**4,218**	6,977
Amount due to an associate		**50,000**	50,000
Bank and other borrowings		**–**	484
Deferred tax liabilities		**28,240**	30,945
		91,930	99,345
		2,833,170	2,493,036
CAPITAL AND RESERVES			
Share capital	*15*	**11,782**	11,043
Reserves		**1,868,853**	1,463,522
Equity attributable to owners of the Company		**1,880,635**	1,474,565
Non-controlling interests		**952,535**	1,018,471
		2,833,170	2,493,036

NOTES

FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

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

The Company acts as an investment holding company and its subsidiaries (collectively referred to as the "Group") are engaged in the manufacturing and trading of vehicles' power supply systems, automotive components and accessories and commercial vehicles assembly (including new energy 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 RMB1,414 million as at 31 December 2021 (31 December 2020: RMB1,885 million). The directors of the Company are of the opinion that, after due and careful enquiry taking into account the continuous financial support provided from Guangxi Automobile Holdings Limited ("Guangxi Automobile"), which is a state-controlled company established in the PRC with the State-owned Assets Supervision and Administration Commission of the People's Government of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府國有資產監督管理委員會) and having a long standing reputation in the automobile industry in the PRC, and the financial resources available to the Group, including internally generated funds, the available banking facilities for issuance of bills payable and bank borrowings and assets available to pledge for obtaining further banking facilities, the Group has, in the absence of unforeseeable circumstances, sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future.

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

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

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

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform – phase 2

- Amendments to HKFRS 16, Covid-19-related rent concessions beyond 30 June 2021

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. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue

	Notes	2021 RMB'000	2020 RMB'000
Types of goods and services			
Sales of engines and related parts and other power supply products	*(a)*	**2,759,012**	3,115,390
Sales of automotive components and accessories	*(b)*	**5,802,732**	6,333,780
Sales of specialized vehicles (including new energy vehicles)	*(c)*	**4,489,599**	5,097,664
Trading of steels	*(b)*	**1,205,415**	718,900
Provision of water and power supply	*(b)*	**106,183**	95,388
Revenue from contracts with customers within scope of HKFRS 15		**14,362,941**	15,361,122
Revenue from gross rental income		**45,566**	21,091
		14,408,507	15,382,213
Timing of revenue recognition			
A point in time		**14,256,758**	15,265,734
Over time		**151,749**	116,479
Total		**14,408,507**	15,382,213
Geographical markets			
Mainland China		**14,305,028**	15,327,223
Others		**103,479**	54,990
Total		**14,408,507**	15,382,213

Notes:

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

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

(c) These revenue has been classified as revenue under the commercial vehicles assembly (including new energy vehicles) segment in the segment information.

Segment Information

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organized. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

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

- Vehicles' power supply systems (formerly named "Engines and related parts") — 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 (including new energy vehicles) (formerly named "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 FVTPL and investment properties, and other head office or corporate administration costs.

For the year ended 31 December 2021

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

For the year ended 31 December 2020

	Vehicles' power supply system *RMB'000*	Automotive components and other industrial services *RMB'000*	Commercial vehicles assembly *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Consolidated *RMB'000*
Revenue from external customers	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)

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:

	2021	2020
	RMB'000	*RMB'000*
Bank interest income	**66,872**	79,268
Government grants *(note i)*	**59,328**	47,784
Sales of scrap materials, parts and others	**16,000**	19,022
Machinery and other property rental income *(note ii)*	**20,638**	13,440
Service income on repairs and maintenance	**6,112**	3,089
Income on use of technology knowhow	**1,466**	1,466
Others	**45,063**	10,780
	215,479	174,849

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:

	2021	2020
	RMB'000	*RMB'000*
Impairment loss on property, plant and equipment	**–**	(55,069)
Net exchange (loss) gain	**(593)**	24,114
Fair value change of financial assets/liabilities at FVTPL	**(14,200)**	(18,811)
Gain on technology appraised as capital investment in a joint venture	**–**	29,997
Loss on disposal of property, plant and equipment	**(12,749)**	(7,351)
Decrease in fair value of investment properties	**(12,543)**	(1,641)
Gain on disposal of a subsidiary	**10,793**	–
Others	**2,517**	3,115
	(26,775)	(25,646)

6. INCOME TAX CREDIT

	2021	2020
	RMB'000	*RMB'000*
Tax expense (credit) represents:		
PRC Enterprise Income Tax		
Current	**4,209**	7,466
Withholding tax on dividend distribution	**–**	471
Overprovision in prior years	**(1,550)**	(9,693)
	2,659	(1,756)
Deferred tax		
Origination and reversal of temporary differences	**(2,713)**	(2,001)
	(54)	(3,757)

The PRC

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

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

Hong Kong

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

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

7. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2021 *RMB'000*	2020 *RMB'000*
(a) Finance costs		
Interests on:		
— Bank borrowings	**30,165**	99,425
— Other borrowings	**–**	8,739
— Advances drawn on bills receivable	**84,502**	87,280
— Effective interest expenses on convertible loan notes	**–**	18,664
— Lease liabilities	**994**	2,469
	115,661	216,577

	2021 *RMB'000*	2020 *RMB'000*
(b) Staff costs		
Salaries, wages and other benefits	**1,006,913**	912,711
Contributions to defined contribution retirement plans	**89,127**	60,371
Equity-settled share-based payment expenses	**583**	–
	1,096,623	973,082

	2021 *RMB'000*	2020 *RMB'000*
(c) Other items		
Depreciation charge		
— owned property, plant and equipment	**330,829**	278,227
— right-of-use assets	**49,633**	50,011
	380,462	328,238
Impairment losses on property, plant and machinery	**–**	55,069
Auditor's remuneration – audit services	**2,113**	2,229
Cost of inventories*	**13,171,658**	14,079,054

* Cost of inventories includes RMB855,923,000 (2020: RMB817,860,000) relating to staff costs and depreciation expenses, which amount is also included in the respective total amounts disclosed separately above.

8. DIVIDEND

	2021	2020
	RMB'000	*RMB'000*
Dividends recognized as distribution during the year:		
2020 Final dividend of HKD 0.3 cent (2020: 2019 final dividend of HKD 0.3 cent) per share	**8,096**	7,769

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 RMB8,127,000) in respect of the year ended 31 December 2021 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 is based on the loss attributable to equity shareholders of the Company of RMB24,148,000 (2020: RMB33,403,000) and the weighted average of 3,278,610,000 ordinary shares (2020: 2,864,534,000 shares) in issue during the year, calculated as follows:

	2021	2020
	'000	*'000*
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	**3,075,161**	2,050,108
Effect of Right Issue *(Note 15)*	**–**	814,426
Effect of top-up placing and subscription exercise *(Note 15)*	**203,449**	–
Weighted average number of ordinary shares at 31 December	**3,278,610**	2,864,534

(b) Diluted loss per share

There were no dilutive potential ordinary shares during each of the year end 31 December 2021 and 2020, and therefore, diluted loss per share is the same as the basic loss per share.

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

(a) Investment properties

During the year ended 31 December 2021, certain property, plant and equipment and right-of-use assets amounting to RMB111,014,000 have been transferred to investment properties because their use have changed as evidenced by end of owner-occupation (year ended 31 December 2020: RMB37,474,000).

The valuations of investment properties carried at fair value were updated at 31 December 2021 by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the December 2020 valuations.

As a result of the update, a net loss of RMB12,543,000 (year ended 31 December 2020: RMB1,641,000) has been recognised in profit or loss for the year in respect of investment properties.

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

During the year ended 31 December 2021, 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 RMB10,367,000 and the corresponding lease liabilities of RMB10,367,000 during the current year.

At 31 December 2021, the Group's carrying amounts of right-of-use assets are RMB219,502,000 and lease liabilities under current liabilities and non-current liabilities are RMB6,570,000 and RMB4,218,000, respectively.

(c) Acquisitions and disposals of owned assets

During the year ended 31 December 2021, the Group acquired items of property, plant and equipment with a cost of RMB430,126,000 (year ended 31 December 2020: RMB343,547,000). Items of property, plant and equipment with a net book value of RMB150,382,000 were disposed of during the year ended 31 December 2021 (year ended 31 December 2020: RMB74,404,000), resulting in a loss on disposal of RMB12,749,000 (year ended 31 December 2020: RMB7,351,000).

11. TRADE AND OTHER RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables:		
— SAIC-GM-Wuling Automobile Co., Limited ("SGMW")	**1,519,940**	2,493,646
— Guangxi Automobile Group	**36,464**	30,837
— Guangxi Weixiang Machinery Company Limited ("Guangxi Weixiang")	**7**	389
— Liuzhou AAM Automotive Driveline System Co., Limited ("Liuzhou AAM")	**10,942**	2,571
— Faurecia (Liuzhou) Automotive Seating Co., Limited ("FL Seating")	**16**	4,715
— Faurecia (Liuzhou) Automotive Interior System Co., Limited ("FL Interior")	**10,661**	6,345
— Faurecia (Liuzhou) Emission Control Technologies Co., Limited ("FL Emissions")	**10,861**	15,700
Subtotal of related parties	**1,588,891**	2,554,203
Third parties	**743,607**	875,479
	2,332,498	3,429,682
Less: Allowance for credit losses	**(58,075)**	(87,034)
Subtotal	**2,274,423**	3,342,648
Other receivables:	**39,082**	40,043
Less: Allowance for credit losses	**(2,250)**	(1,027)
Subtotal	**36,832**	39,016
Prepayments	**277,045**	297,831
Value-added tax recoverable	**76,309**	72,918
Total trade and other receivables	**2,664,609**	3,752,413

Included in the trade and other receivables are trade receivables of RMB2,274,423,000 (2020: RMB3,342,648,000) and an ageing analysis of trade receivables (net of allowance for credit losses), based on the invoice date, is as follows:

	2021	2020
	RMB'000	*RMB'000*
0–90 days	**2,102,850**	3,051,048
91–180 days	**127,228**	262,863
181–365 days	**38,530**	17,538
Over 365 days	**5,815**	11,199
	2,274,423	3,342,648

12. BILLS RECEIVABLE AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021	2020
	RMB'000	*RMB'000*
Bills receivable *(note i)*:		
— SGMW	**38,004**	20,600
— Guangxi Automobile Group	**1,923**	3,335
— FL Interior	**–**	368
— FL Emissions	**–**	1,964
— Third parties	**878,950**	1,002,234
	918,877	1,028,501
Bills receivable discounted with recourse *(note ii)*	**2,870,283**	3,148,527
	3,789,160	4,177,028

Notes:

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

	2021	2020
	RMB'000	*RMB'000*
0–90 days	**836,462**	880,076
91–180 days	**81,922**	142,125
181–365 days	**493**	6,300
	918,877	1,028,501

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

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

	2021	2020
	RMB'000	*RMB'000*
0–90 days	**1,562,138**	1,150,228
91–180 days	**1,288,925**	1,988,313
181–365 days	**19,220**	9,986
	2,870,283	3,148,527

13. TRADE AND OTHER PAYABLES

	2021	2020
	RMB'000	*RMB'000*
Trade and bills payables:		
— SGMW	**77,959**	542,864
— Guangxi Automobile Group	**61,637**	40,404
— FL Seating	**21,990**	96,225
— FL Interior	**72,601**	43,954
— FL Emissions	**37,517**	104,805
— Other related companies	**8,386**	7,652
Subtotal of related parties	**280,090**	835,904
Third parties	**6,138,016**	5,928,446
Subtotal	**6,418,106**	6,764,350
Value added and other tax payables	**246,918**	259,338
Accrued research and development expenses	**110,372**	95,062
Accrued staff costs	**133,337**	137,485
Deposits received from suppliers	**54,611**	31,728
Other payables	**386,874**	294,032
Total trade and other payables	**7,350,218**	7,581,995

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

Trade payables

	2021	2020
	RMB'000	*RMB'000*
0 to 90 days	**2,606,733**	3,278,950
91 to 180 days	**149,790**	260,572
181 to 365 days	**288,639**	184,948
Over 365 days	**245,364**	233,766
	3,290,526	3,958,236

Bills payable

	2021	2020
	RMB'000	*RMB'000*
0 to 90 days	**1,707,247**	1,440,483
91 to 180 days	**1,420,333**	1,365,631
	3,127,580	2,806,114

14. PROVISION FOR WARRANTY

	RMB'000
At 1 January 2020	77,530
Additional provision in the year	54,453
Utilization of provision	(36,022)
At 31 December 2020	**95,961**
Additional provision in the year	**62,134**
Utilization of provision	**(63,072)**
At 31 December 2021	**95,023**

The Group provides warranty of certain periods to its customers on engines and other power supply system products, automotive components and accessories and commercial vehicles (including new energy 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.

15. 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 2020, 31 December 2020 and 31 December 2021		101,521
Issued and fully paid:		
Ordinary shares of HKD0.004 each		
At 1 January 2020	2,050,107,555	8,200
Issue of new ordinary shares by Rights Issue (as detailed in Note i below)	1,025,053,777	4,101
At 31 December 2020	3,075,161,332	12,301
Top-up placing and subscription exercise (as detailed in Note ii below)	223,000,000	892
At 31 December 2021	3,298,161,332	13,193

	2021 ***RMB'000***	2020 *RMB'000*
Shown in the consolidated financial statements at the end of the reporting period as	**11,782**	11,043

Notes:

i. 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.

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

16. SHARE OPTION SCHEMES AND GRANTING OF SHARE OPTIONS

Pursuant to the ordinary resolutions approved by the shareholders of the Company in the special general meeting held on 11 November 2021, the former share option scheme conditionally adopted by the Company on 28 May 2012 was terminated and a new share option scheme was conditionally adopted by the Company ("New Share Option Scheme") which allowed the Company to issue not more than 3% of the total number of Shares in issue as at the date of adoption of the New Share Option (i.e. not more than 98,944,839 Shares) by the Company (the "Adoption Date"). The principal terms of the New Share Option Scheme is in compliance with the relevant provisions of the Rules Governing the Listing of Securities on the Stock Exchange and is valid and effective for a period of six years commencing from the Adoption Date and will expire on the sixth anniversary of the Adoption Date. Further details of the New Share Option Scheme are available in the Company's announcement and circular dated 20 July 2021 and 21 October 2021 respectively.

On 10 December 2021 ("Grant Date"), the Company granted share options (the "Options") to certain eligible participants (the "Grantees" and each a "Grantee") to subscribe for a total of 86,425,300 Shares, representing approximately 2.62% of the total number of Shares in issue, subject to acceptances by the Grantees, under the New Share Option at the exercise price of HK$1.93 per Share. The validity period of the Options is five (5) years commencing from the completion of the registration of the Options to each Grantee and subject to the satisfaction of the specific vesting conditions under the New Share Option Scheme, the Options granted shall be vested and exercisable in batches as follows: (i) From the first trading day after the second-year anniversary (24-month) of the Grant Date to the last trading day within the third-year anniversary (36- month) of the date of completion of registration, 30% of the total number of share options granted to each Grantee shall be vested and exercisable; (ii) From the first trading day after the third-year anniversary (36-month) of the Grant Date to the last trading day within the fourth-year anniversary (48- month) of the date of completion of registration, 30% of the total number of share options granted to each Grantee shall be vested and exercisable (excluding the share options which have already been vested and exercised); and (iii) From the first trading day after the fourth-year anniversary (48-month) of the Grant Date to the last trading day within the fifth-year anniversary (60-month) of the date of completion of registration, 40% of the total number of share options granted to each Grantee shall be vested and exercisable (excluding the share options which have already been vested and exercised).

Further details of the granting the Options under the New Share Option Scheme are available in the Company's announcement dated 10 December 2021.

* *for identification purpose only.*

MANAGEMENT DISCUSSION AND ANALYSIS

Operation Review — By Key Business Segments

The business performance and evaluation of the Group's three main business segments namely (1) vehicles' power supply systems (formerly known as engines and related parts); (2) automotive components and other industrial services; and (3) commercial vehicles assembly (formerly known as specialized vehicles) for the year ended 31 December 2021 are detailed below:

Vehicles' Power Supply Systems

The division which was formerly named as "Engines and Related Parts" was renamed as "Vehicles' Power Supply Systems" to mark the strategic and technological refocus of this business segment from the traditional vehicles' engines manufacturer into a comprehensive power supply systems and solutions supplier covering different types of vehicles, including the new energy vehicles.

Total revenue (based on external sales) of the vehicles' power supply systems division for the year ended 31 December 2021 was RMB2,759,012,000, representing a decrease of 11.4% as compared to previous year, which was primarily due to a slowdown in the sale volume of the engine sets by the division.

Total number of engines sold by the subsidiary, Liuzhou Wuling Liuji Motors Company Limited ("Wuling Liuji"), for the year was approximately 205,000 units, representing a decrease of approximately 12.0% as compared to previous year which amounted to approximately 233,000 units.

During the year, sales to SAIC-GM-Wuling Automobile Co., Limited ("SGMW"), our core customer, amounted to approximately RMB1,300,134,000, representing a decrease of 20.6% as compared to previous year, which was primarily due to the decrease of the sale of the NP18 model to SGMW for their Capacity 1.8L vehicle models, which amounted to approximately 87,000 units as compared to approximately 111,000 units achieved in the year 2020.

As affected by the increase in the cost of raw materials and the tightening supply of the semiconductor which caused disruption in planned production schedule of the customers, the division experienced a significant decline in gross profit margin, which resulted in an operating loss of RMB73,696,000 for the year as compared to an operating profit of RMB 49,067,000 recorded in previous year. Meanwhile, additional research and development expenses incurred for the continuous launches of new products and the implementation of various technological upgrade and enhancement projects for the new energy vehicles projects had also affected the business performance of the division.

As a long standing industry leader in the manufacturing of engines for the various types of vehicles, Wuling Liuji continued to supply products to other automobile manufacturers in this market segment. During the year, sales to other customers, primarily National VI standard engine sets with capacity range from 1.0L to 1.6L, remained stable and amounted to approximately RMB1,458,878,000, which accounted for approximately 53% 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, in which the models within the 1.0L to 2.0L range are the products where Wuling Liuji is having the competitive edge in the industry. Considering the dynamic business environment and the strengthening of the competitiveness in the market, over the past few years, in implementing the production capacity expansion programmes, special emphasis has been placed by the division on the scalability of the production facilities such that the production and economic efficiency could be maintained in serving the market demands from different types of customers notwithstanding their different range of models and size of orders.

To further expand the product range and to achieve higher technical capability, Wuling Liuji has also actively undertaken development projects for the production of the upgraded engine products in serving the different needs of the customers, especially targeting at the passenger vehicles 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 are also formulated aiming at expanding our customer bases in the commercial and passenger vehicles segment. After the recent completion of the highly-automated production facilities designated for the NPT20 model, the market position of Wuling Liuji has been further strengthened by having a comprehensive range of products ranging from 1.0L to 2.0L with the essential vertical integration elements, i.e., the in-house manufacturing of the foundry components.

Meanwhile, to kick start the business development in the segment of new energy vehicles, the division put the primary focus on the business development and production of the electric motor control system and related components for new energy vehicles. 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. The Group has actively promoted its electric motor control system products to several potential customers and for applying them in the manufacturing of the Group’s own electric vehicles for capturing the business opportunities arising from the fast growing EV market in the PRC.

Facing the imminent massive changes to be taken place in the automobile industry, the vehicles' power supply systems division has also formulated appropriate strategy towards to this new energy era by positioning ourselves as an enterprise serving power supply solutions to the car manufacturers. Hence, the scope of products the division 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, the division will continue to focus on the research and development, as well as the marketing programmes of its existing and new products, including the products applicable for the new energy vehicles, so as to maintain its competitiveness in this market segment. The Group believes the increasing applications of the successfully launched higher-end models to the passenger vehicles (including new energy vehicles) of SGMW and other new customers and the introduction of other new higher-end products will enhance the business potential and the technical capability of the division, which will contribute to its profitability in the coming years.

Automotive Components and Other Industrial Services

Total revenue (based on external sales) of the automotive components and other industrial services division for the year ended 31 December 2021 was RMB7,114,330,000, representing a slight decrease of 0.5% as compared to previous year. Whereas, operating profits for the year was RMB88,559,000, representing a significant increase of 236.3%.

Despite the increase in the cost of raw materials and the tightening supply of semiconductor which caused impacts in planned production schedule, profitability performance of the division continued to improve because of the successful launches of new products to new customers and the stepped up production of components for the electric vehicles, including the car axles products supplying to the hot selling, Wuling Hongguang Mini EV. Meanwhile, continuous internal management optimization and improving efficiency had also contributed to the business performance of the division.

The automotive components and other industrial services division, undertaken by our subsidiary, Liuzhou Wuling Motors Industrial Company Limited ("Wuling Industrial"), continued to be the key supplier for supplying a majority portion of the key automotive components to SGMW, including their EV models. During the year, sales to SGMW through the Group or our associated companies, comprised the range of products including the brake and the chassis assembly components, car axles, body parts, interior and exterior trims such as, seat sets, cockpits, bumpers, etc, contributed to a significant portion of the revenue of the division and the associated companies. For further expansion and diversification, the division continued to undertake various business expansion programmes in promoting its components to other customers such as Great Wall Motors, Beiqi Foton Motors, Chery Automobile, Dongfeng Sokon, etc, which were progressing satisfactorily during the year and were accounted for approximately 25% of the total revenue of the division.

With our long and established industry experiences, the automotive components and other industrial services division of the Group is particularly strong in product design and development. Our capability in supplying a wide range of products provides a one-stop shop services to the customers, whereas, the scalability of its production facilities ensures the particular needs of our customers can be properly taken care of. For further expansion of the business volume and the improvement of profitability, the component products of the division had shifted our focus to the commercial and passenger vehicles segment, which covered primarily the MPV and SUV segments, pickup trucks as well as the new energy vehicles.

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

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, Guizhou and Hubei, accomplishing a synchronized expansion and improvement in terms of corporate size and core competitiveness, meanwhile establishing a sound foundation for the Group's business growth and sustainable development in the future.

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

To further extending its products and services to other customers, the Group has also recently set up production facilities in Guiyang, in the Guizhou province and in Jingmen, in the Hubei province. The production facilities in Jingmen which started operational in early 2022 is primarily set up for supplying automotive components to Great Wall Motors.

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

Despite the prevailing COVID-19 issue, the Group's overseas production plants in Indonesia and India were able to deliver sets of satisfactory results during the year 2021. Benefited from the growing demands locally, the production plant in Indonesia, which comprises a number of welding, stamping and assembly production lines for manufacturing of the automotive components for the rear suspension, front axle parts of vehicles started to generate a profitable result for the year 2021 as compared to the previous loss-making years since its operation in 2017. The Group is confident that being the fourth largest population country in the world and in consideration of its recent economic development, there is great business potential for the automobile industry in Indonesia and considers that the business performance of the Group's automotive components businesses in Indonesia will continue to improve.

Meanwhile, the production plant of the Group in India, which has a smaller scale of operation and targeted for the automotive component business of a renowned PRC car manufacturer continued to maintain its profitability in the year 2021.

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

Commercial Vehicles Assembly

The division which was formerly named as "Specialized Vehicles" was renamed as "Commercial Vehicles Assembly" to mark the strategic and technological refocus of this business segment from the "redecorated-based" operation model into a car assembly enterprise with its own proprietary designed vehicles, specializing in the commercial use (including the new energy) vehicles.

Total revenue (based on external sales) of the commercial vehicles assembly division undertaken by Wuling Industrial for the year ended 31 December 2021 was RMB4,489,599,000, representing a decrease of 11.9% as compared to previous year. The decrease was primarily attributable to the adverse effect from the tightening supply of semiconductor which had disrupted the production of the division, especially in the third quarter of 2021.

During the year, Wuling Industrial sold approximately 98,000 different models of vehicles, representing a decrease of 14.8% as compared to previous year. Amongst which, the sale volume of redecorated vans and other types of vehicles (primarily sightseeing vehicles) was decreased to 88,000 vehicles, whereas, the sale volume of electric logistic vehicles was impressively increased to approximately 10,000 vehicles, representing an increase of 113% as compared to approximately 4,700 electric logistic vehicles sold in 2020.

Lower gross profit margin of the redecorated vans due to increasing raw materials cost and the decrease in sale volume, coupled with the research and development expenses and the additional marketing costs incurred in the launches of new energy vehicles, operating profit of the division was RMB18,156,000 for the year ended 31 December 2021 representing a substantial decrease of 82.5% as compared to the operating profit of RMB103,922,000 achieved in previous year.

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

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

The Group remains confident in the business prospect of the commercial vehicles assembly division and consider the loss making situation is transitory, partly due to shortage in supply of semiconductor which affected its production volume, and more importantly due to additional research and development costs incurred in the investment stage of the transformation processes of the division moving towards the high potential new energy vehicle era.

Indeed, the division have made significant breakthroughs during the year in the new energy vehicle market segment, in which a record annual sale volume of 10,000 electric logistic vehicles were sold. Furthermore, it has gradually built up a nationwide distribution network across the country with over 120 dealerships. More remarkably, the division has 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 are expected to be gradually increased in 2022.

The Group has actively formulated appropriate strategies to expedite the business development in the new energy vehicle. As mentioned in our 2021 interim report earlier, our parent company, Guangxi Automobile Holdings Limited ("Guangxi Automobile"), has initiated the construction of a new production base for the new energy vehicle in the Liuzhou district with a targeted annual production capacity of 200,000 vehicles, which could serve as a strategic back up to the Group in grasping the future business potential from the new energy vehicle business segment. In this connection, on 1 December 2021, Guangxi Automobile, the Company and Wuling Industrial entered into a letter of intent in relation to the formation of a foreign-invested enterprise for pursuing the new energy vehicle business involving the injection of the existing new energy vehicle business currently undertaken by Wuling Industrial, and this new production base by Guangxi Automobile (valued at approximately RMB1.6 billion), which comprises the land use right and the related constructed production plant facilities with a site area of approximately 550,000 square meters, planned to be constructed with the state-of-the-art technology in the automobile industry in the PRC and installed with the advance automated production lines which perform the requisite welding, painting and final assembly processes for the production of new energy vehicles.

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

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, primarily the new energy vehicles on the back of the favourable government policy and economic environment. 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.

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

Guangxi Weixiang Machinery Company Limited ("Guangxi Weixiang"), which is owned as to 50% by Wuling Industrial and formed with Guangxi Liugong Machinery Company Limited for developing and pursuing the businesses of engineering machinery and other industrial vehicles products maintained its profitability during the year 2021 by registering a total revenue of RMB833,640,000, representing a year-on-year increase of 41% as compared to previous year. However, due to the adverse impact from higher raw materials cost, net operating profit could only maintained at RMB14,705,000, representing a slight increase of 4.3% as compared to previous year, in which the profit attributable to the Group for the year ended 31 December 2021 amounted to RMB7,353,000.

Faurecia (Liuzhou) Automobile Seating Co., Limited ("FL Seating") which is be owned as to 50% each by Wuling Industrial and Faurecia Group for pursuing the business of car seat products in the PRC has entered into the fourth year of operation in 2021. The cooperation with Faurecia Group, being a global leading manufacturer in the business of automotive parts and components will provide essential technical support to the Wuling Industrial in further promoting its business opportunities in the car seat businesses for the existing customers as well as other new customers. During the year, due to the increase in the cost of raw materials and the tightening supply of semiconductor which caused impacts in planned production schedule, business performance of FL Seating was adversely affected, especially in the second half of 2021. Total revenue for the year was of RMB265,607,000, representing a decrease of 31.3% as compared to previous year. Taking into account of the impairment loss on assets and the income tax expenses amounting to approximately RMB7.8 million and RMB 6.6 million respectively, FL Seating incurred an operating loss of RMB18,935,000 (as compared to an operating profit of RMB1,080,000 recorded in previous year), in which the loss attributable to the Group for the year ended 31 December 2021 amounted to RMB9,468,000.

Faurecia (Liuzhou) Automobile Interior System Co., Limited ("FL Interior"), which is be owned as to 50% each by Wuling Industrial and Faurecia Group for pursuing the business of automotive interior system, its related parts and accessories, including cockpit, instrument panel, auxiliary instrument panel, door trim panel, acoustics and soft trim in the PRC has also entered the fourth year operation in 2021. The co-operation with Faurecia Group will provide essential technical support to the Wuling Industrial in further promoting its business opportunities in these types of products from SGMW as well as other new customers. During the year, despite the negative impact from the increase in the cost of raw materials and the tightening supply of semiconductor which caused impacts in planned production schedule, FL Interior experienced certain extent of improvement in its business performance. Total revenue for the year was of RMB416,047,000, representing a substantial increase of 114.4% as compared to previous year. Taking into account of an impairment loss on assets amounting to approximately RMB16.6 million, FL Interior still managed to register an operating profit of RMB3,388,000 (as compared to an operating loss of RMB6,751,000 incurred in previous year), in which the profit attributable to the Group for the year ended 31 December 2021 amounted to RMB1,694,000.

Faurecia (Liuzhou) Emission Control Technologies Co., Limited ("FL Emission"), which is be owned as to 50% each by Wuling Industrial and Faurecia Group for pursuing the business of automotive emissions control system products and related parts and components in the PRC has entered the third year operation in 2021. The cooperation with Faurecia Group will provide essential technical support to the Group in further promoting its business opportunities in these types of products from SGMW as well as other new customers. During the year, same as FL Interior, despite the negative impact from the increase in the cost of raw materials and the tightening supply of semiconductor which caused impacts in planned production schedule, FL Emission was able to continue its profitable operation in 2021. Total revenue for the year was of RMB631,285,000, representing a moderate decrease of 6.4% as compared to previous year. Operating profit for the year amounted to RMB4,319,000, representing a decrease of 17.7% as compared to previous year, in which the profit attributable to the Group for the year ended 31 December 2021 amounted to RMB2,160,000.

Liuzhou AAM Automotive Transmission System Co., Ltd ("AAM JV"), which is owned as to 50% by Wuling Industrial and 50% by American Axle & Manufacturing, Inc. ("AAM International") and occupies the highly automated "Smart Factory" under the third phase development of the Liudong Facilities, for the purpose of developing and pursuing the business of the manufacturing and sales of driveline products business, which includes the independent drive axles, propshafts and other driveline products, driveheads for high-end Salisbury axles or banjo axles, e-drive units for new energy vehicles, and other driveline components for motor vehicles has entered into its third year of operation in 2021. The co-operation with AAM International will enable faster improvement in the processing technique of vehicle axles to meet the requirements of medium-end and high-end passenger vehicles, from which the joint venture company could serve as a platform to co-operate on and operate vertical rear axles, transmission axles and other business, furthering the technology development of vehicle axle products. During the year, due to the increase in the cost of raw materials and the relatively low utilization rate of the production facilities, business performance of AAM JV was adversely affected. Total revenue for the year was RMB58,092,000, whereas, an operating loss of RMB16,859,000 was continued to incur in 2021 (as compared to the operating loss of RMB24,907,000 incurred in previous year), in which the loss attributable to the Group for the year ended 31 December 2021 amounted to RMB8,430,000.

Financial Review

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Group's total revenue for the year ended 31 December 2021 was RMB14,408,507,000, representing a decrease of 6.3% as compared to previous year. The decrease was mainly attributable to the decreases in revenue of the vehicles' power supply systems division and the commercial vehicles assembly division. The tightening supply of the semiconductor had caused disruptions in planned production schedule of these divisions, especially in the third quarter of 2021. Meanwhile, benefited from the continuous increases in the business volume to customers other than SGMW, revenue of the automotive components and other industrial services division was able to maintain at a similar level as compared to previous year.

Gross profit for the year was RMB1,085,847,000, representing a decrease of 10.2% as compared to previous year. As affected by the increase in the cost of raw materials and the abovementioned issues relating to the tightening supply of semiconductor, gross profit margin achieved by the Group for the year was decreased to 7.5% as compared to 7.9% as recorded in previous year.

The adverse impact from a lower profit margin was further aggravated by the increase in the research and development expenses of the Group which were mainly attributable to the active implementation of new business projects (including the new energy vehicles projects) undertaken by the Group. A substantial increase in the staff costs driven by certain corporate expansion exercises and the absence of last year pandemic related government subsidies had also impeded the profitability performance of the Group during the year.

Hence, the Group reported a net loss of RMB45,860,000 for the year ended 31 December 2021, representing an increase of 109.7% as compared to previous year, whereas, the loss attributable to the owners of the Company decreased by 27.7% to RMB24,148,000, as compared to the loss attributable to the owners of the Company of RMB33,403,000 for previous year, mainly attributable to the decrease in the finance cost of the Company during the year.

Accordingly, basic loss per share for the year ended 31 December 2021 was RMB0.74 cents, which was improved as compared to the basic loss per share of RMB1.17 cents as recorded in previous year. The decrease was partly attributable to the increase in the number of shares in issue of the Company resulting from the top-up placing and subscription exercise took place in January 2021 as mentioned below.

Other income comprised primarily bank interest income, government grants, sales of scrap materials and parts and other sundry income was in aggregate RMB215,479,000 for the year ended 31 December 2021, representing an increase of 23% as compared to previous year due to increase in other rental income, government grants and other sundry income.

Other gains and losses amounted to a net loss of RMB26,775,000 for the year ended 31 December 2021, which comprised primarily the combined results of the loss on disposal of certain property, plant and equipment amounting to RMB12,749,000, decrease in fair value of investment properties amounting to RMB12,543,000, loss on fair value change of financial assets/liabilities at fair value through profit or loss of RMB14,200,000 and a gain on disposal of a subsidiary of RMB10,793,000.

Share of results of associates reported a total net operating loss of RMB6,526,000 for the year ended 31 December 2021 representing primarily the net operating results attributable to the three associates formed with the Faurecia Group, namely FL Seating, FL Interior and FL Emission, in which FL Interior and FL Emission recorded moderate amount of operating profits for the year, whereas, FL Seating sustained substantial operating losses resulting from certain impairment losses and income tax expenses.

Share of results of joint ventures reported a total net operating loss of RMB2,043,000 for the year ended 31 December 2021, which were mainly attributable to the net operating losses of AAMJV, and the initial operating losses incurred by certain new joint ventures formed during the year, whereas, Guangxi Weixiang continued to deliver a set of profitable results during the year.

Selling and distribution costs of the Group comprised primarily warranty expenses and other marketing expenses were in aggregate RMB232,913,000 for the year ended 31 December 2021, representing a decrease of 7.1% as compared to previous year. As a special note, certain portion, i.e about 18.6% of the selling and distribution costs were incurred for marketing and promotion of the new energy vehicles of the Group launched during the year. Considering the tremendous business opportunities associated with new energy vehicles and in line with the continuous launches of new models of new energy vehicles, primarily electric logistic vehicles, additional resources had been allocated to the marketing and promotion of these new models during the year.

General and administrative expenses of the Group comprised primarily salary and allowances, various insurance expenses, rental expenses and other administrative expenses were in aggregate RMB577,317,000 for the year ended 31 December 2021, representing a decrease of 14.1% as compared to previous year. The decrease was mainly attributable to a cost restructure exercise where the staff costs directly related to the research and development functions of the Group were re-designated as the Group's research and development expenses for the year. The Group considers this cost restructure exercise would help to provide the management with an appropriate performance data in facilitating the effective assessment and decision making processes of the Group. Facing the tough and highly competitive business environment, the Group also continued to implement various cost control measures in containing the general and administrative expenses of the Group aiming at alleviating the adverse impact from a tightening gross profit margin and promoting competitiveness and efficiency.

Research and development expenses for the year ended 31 December 2021 amounted to RMB408,360,000, representing a significant increase of 99% as compared to previous year partly due to the abovementioned cost restructure exercise. Besides, continuous launches of new products and the implementation of certain technological upgrade and enhancement projects by the Group and in cooperation with customers and business partners during the year aiming at taking the advantages of the solid recovery of the business environment since the second half of 2020 and the tremendous business opportunities associated with new energy vehicles had also led to an increase in the research and development expenses during the year. The Group will continue to prudently carry out appropriate research and development projects in accordance with the strategic plan in furthering its future business opportunities.

Finance costs for the year ended 31 December 2021 amounted to RMB115,661,000, representing a significant decrease of 46.6% as compared to previous year due to lower interest rates and decreases in borrowings and bill discounting activities by the Group during the year. Besides, the finance cost arisen from the convertible loan notes issued by the Company was also no longer applied in the year 2021 upon its maturity in May 2020.

Consolidated Statement of Financial Position

As at 31 December 2021, total assets and total liabilities of the Group stood at RMB15,021,524,000 and RMB12,188,354,000 respectively.

Non-current assets amounted to RMB4,339,595,000 comprised mainly property, plant and equipment, right-of-use assets, investment properties, right-of-use assets, interests in joint ventures and associates, etc. The total carrying values of the property, plant and equipment had taken into account of the total capital expenditure of RMB430,126,000 arising from the acquisition of property, plant and equipment, deprecation charge of RMB380,462,000 and the decrease in fair value of investment properties of RMB12,543,000 incurred during the year.

Current assets amounted to RMB10,681,929,000 comprised mainly inventories of RMB1,745,523,000, trade and other receivables of RMB2,664,609,000, bills receivable at fair value through other comprehensive income of RMB3,789,160,000 (inclusive of bills receivable discounted with recourse but not yet matured amounting to RMB2,870,283,000), pledged bank deposits of RMB643,933,000 and bank balances and cash of RMB1,835,735,000. Amount due from SGMW, a related company and a key customer in the vehicles' supply systems and automotive components businesses of the Group amounted to RMB1,519,940,000 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 RMB12,096,424,000, comprised mainly trade and other payables of RMB7,350,218,000, contract liabilities of RMB195,660,000, lease liabilities of RMB6,570,000, provision for warranty of RMB95,023,000, bank and other borrowings — due within one year of RMB1,558,488,000 and advances drawn on bills receivable discounted with recourse of RMB2,876,265,000. The corresponding bills receivable discounted with recourse to these advances amounting to RMB2,870,283,000 were recorded as bills receivable at fair value through other comprehensive income as at 31 December 2021, which would be offset against upon maturity.

The Group recorded net current liabilities of RMB1,414,495,000 as at 31 December 2021, which was decreased as compared to the net current liabilities of RMB1,884,523,000 as at 31 December 2020, due to primarily the completion of a top-up placing and subscription exercise under the general mandate on 1 February 2021. 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 (equivalent to approximately RMB446.0 million) to the Company.

Non-current liabilities amounted to RMB91,930,000 comprised mainly lease liabilities of RMB4,218,000, contract liabilities of RMB9,472,000, deferred tax liability of RMB28,240,000 and amount due to an associate of RMB50,000,000.

Liquidity and Capital Structure

During the year ended 31 December 2021, the operating and investing activities of the Group were mainly satisfied by the financing activities of the Group through the drawdown of bank borrowings and the bills receivable discounted.

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

As at 31 December 2021, total bank balances and cash maintained by the Group amounted to RMB1,835,735,000. Besides, pledged bank deposits amounting to RMB643,933,000 were also maintained to secure the banking facilities offered to the Group (mainly bills payable facilities).

As at 31 December 2021, bank and other borrowings of the Group increased moderately to RMB1,558,488,000, whereas, the outstanding advances drawn on bills receivable discounted with recourse reduced moderately to RMB2,876,265,000. The corresponding bills receivable discounted with recourse to these advances amounting to RMB2,870,283,000 were recorded as bills receivable at fair value through other comprehensive income which would be offset against upon maturity.

Resulting from the completion of the top-up placing and subscription exercise under the general mandate on 1 February 2021 by the Company as below mentioned, at 31 December 2021 the Group's net current liabilities amounted to RMB1,414,495,000, representing a decrease of approximately 25.0% as compared to the Group's audited net current liabilities of RMB1,884,523,000 as recorded at 31 December 2020.

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 (equivalent to approximately RMB446.0 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.

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 RMB1,880,635,000 as at 31 December 2021. Net asset value per share was approximately RMB57.0 cents as at 31 December 2021.

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 2021 (the "Final Dividend") (2020: HKD 0.3 cent) to the Shareholders whose names shall be on the register of members of the Company on Wednesday, 29 June 2022, amounting to approximately HKD9,894,000 (equivalent to approximately RMB8,127,000). Subject to the approval by the Shareholders in the forthcoming annual general meeting of the Company to be held on Thursday, 16 June 2022 (i.e., the 2022 AGM), dividend warrants of the Final Dividend will be dispatched to Shareholders on or before 29 July 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 13 June 2022 to Thursday, 16 June 2022 (both dates inclusive), for the purpose of determining the Shareholders' eligibility to attend and vote at the 2022 AGM and during which period no transfer of the Shares will be effected. In order to qualify for attendance of the 2022 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, 10 June 2021. The time and venue of the 2022 AGM will be advised in due course.

The register of members of the Company will be closed from Friday, 24 June 2022 to Wednesday, 29 June 2022 (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 Thursday, 23 June 2022.

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 2021 (2020: 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 2021, 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 2021 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 2021 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 2021 as set out in this preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2021 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.

PASSING AWAY OF FORMER VICE CHAIRMAN, CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

On 24 January 2022, the Company announced with sympathy the passing away of Mr. Lee Shing, the former vice chairman of the Board, chief executive officer and executive director of the Company in peace due to his sickness on 23 January 2022. Mr. Lee had served the Company for over 15 years. He was first appointed as an executive director and chief executive officer of the Company on 22 June 2006 and also acted as the chairman and vice-chairman of the Board during the period. Mr. Lee was also member of the nomination committee and the ESG committee of the Company.

During his tenure, Mr. Lee performed his duties diligently and with sincerity. He also devotedly discharged his responsibilities in safeguarding the interests of the Company and its shareholders as a whole and ensuring the effective decision-making by the Board, which had made important contributions to the development of the Group. All staff members of the Group and the Board express their deep respect and gratitude for his work and contribution; at the same time, all of the directors of the Company, all of the senior management and all of the staff members of the Group extend their deep condolences to Mr. Lee for his passing away and express their deep condolences to his family.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Yuan Zhijun (Chairman), Mr. Yang Jianyong and Mr. Wei Mingfeng as executive directors 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 2022