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Brilliance Auto

華 晨 汽 車

BRILLIANCE CHINA AUTOMOTIVE HOLDINGS LIMITED

(華 晨 中 國 汽 車 控 股 有 限 公 司) *

(Incorporated in Bermuda with limited liability)

(Stock Code: 1114)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2022

RESULTS

The board of directors (the “**Board**”) of Brilliance China Automotive Holdings Limited (the “**Company**”) announces the unaudited consolidated interim financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30th June, 2022. The unaudited consolidated interim financial statements have been reviewed by the audit committee of the Board.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Expressed in thousands of RMB except for earnings per share amounts)

		(Unaudited)	
		For the six months ended	
		30th June,	
		2022	2021
	Note	RMB'000	RMB'000
Revenue	4	557,527	1,525,644
Cost of sales		(457,922)	(1,410,205)
Gross profit		99,605	115,439
Other income		119,548	34,582
Interest income		148,185	38,365
Selling expenses		(15,835)	(92,717)
General and administrative expenses		(226,757)	(262,414)
Net expected credit loss (“ ECL ”) allowance on loan and receivables		(420,570)	(449,865)
Finance costs		(11,455)	(71,643)
Share of results of:			
A joint venture		2,379,782	8,138,572
Associates		2,873,819	25,264
		4,946,322	7,475,583

* For identification purposes only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)
(Expressed in thousands of RMB except for earnings per share amounts)

		(Unaudited)	
		For the six months ended	
		30th June,	
		2022	2021
	<i>Note</i>	RMB'000	RMB'000
Gain on disposal of partial equity interest in a joint venture		4,895,929	–
Other taxes related to the disposal		(7,287,093)	–
		(2,391,164)	–
Loss on deconsolidation of a subsidiary		(1,728,963)	–
Profit before income tax credit (expense)	<i>5</i>	826,195	7,475,583
Income tax credit (expense)	<i>6</i>	3,812	(6,062)
Profit for the period		830,007	7,469,521
Attributable to:			
Equity holders of the Company		829,879	7,607,111
Non-controlling interests		128	(137,590)
		830,007	7,469,521
Earnings per share	<i>7</i>		
– Basic		RMB0.16449	RMB1.50777
– Diluted		RMB0.16449	RMB1.50777

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited)	
	For the six months ended	
	30th June,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	830,007	7,469,521
Other comprehensive expense that will be subsequently reclassified to consolidated statement of profit or loss, net of tax		
Share of other comprehensive income (expense) of a joint venture	747,009	(960,327)
Share of other comprehensive expense of associates	(755,692)	–
Fair value gain (loss) on notes receivable at fair value through other comprehensive income (“FVOCI”)	52	(707)
	(8,631)	(961,034)
Other comprehensive income that will not be subsequently reclassified to consolidated statement of profit or loss, net of tax		
Change in fair value of equity investments	240	2,681
	(8,391)	(958,353)
Total comprehensive income for the period	821,616	6,511,168
Attributable to:		
Equity holders of the Company	821,488	6,648,883
Non-controlling interests	128	(137,715)
	821,616	6,511,168

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2022	2021
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets		
Intangible assets	37,805	41,468
Property, plant and equipment	453,063	666,331
Construction-in-progress	24,068	59,795
Land lease prepayments	77,088	78,147
Interests in a joint venture	–	41,554,943
Interests in associates	25,446,761	987,766
Equity investments	9,703	9,463
Long-term loan receivables	1,330,827	1,517,536
Other non-current assets	80,717	78,352
	27,460,032	44,993,801
Current assets		
Cash and cash equivalents	17,940,107	1,049,252
Statutory deposit reserves at central bank	32,500	32,500
Pledged and restricted short-term bank deposits	9 3,504,801	745,195
Inventories	198,770	298,387
Accounts receivable	10 283,535	310,860
Notes receivable	114,030	109,490
Other current assets	1,579,116	2,411,510
	23,652,859	4,957,194

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

		(Unaudited) As at 30th June, 2022 <i>RMB'000</i>	(Audited) As at 31st December, 2021 <i>RMB'000</i>
	<i>Note</i>		
Current liabilities			
Accounts payable	11	360,052	1,087,348
Notes payable		260,526	334,388
Other current liabilities		440,232	2,713,671
Short-term bank borrowings		1,034,500	2,167,338
Long-term bank borrowings due within one year		9,600	390,600
Income tax payable		6,561	2,661
Provision for loss on unauthorised guarantees	12	1,917,062	1,917,062
Total current liabilities		<u>4,028,533</u>	<u>8,613,068</u>
Net current assets (liabilities)		<u>19,624,326</u>	<u>(3,655,874)</u>
Total assets less current liabilities		<u>47,084,358</u>	<u>41,337,927</u>
Non-current liabilities			
Other non-current liabilities		104,872	156,088
Long-term bank borrowings		2,700	7,500
Total non-current liabilities		<u>107,572</u>	<u>163,588</u>
Net assets		<u>46,976,786</u>	<u>41,174,339</u>
Capital and reserves			
Share capital		397,176	397,176
Reserves		45,807,844	41,931,523
Total equity attributable to equity holders of the Company		46,205,020	42,328,699
Non-controlling interests		771,766	(1,154,360)
Total equity		<u>46,976,786</u>	<u>41,174,339</u>

NOTES:

1. ORGANISATION AND OPERATIONS

The Company was incorporated in Bermuda on 9th June, 1992 as an exempted company with limited liability. The Company's shares are traded on the main board of The Stock Exchange of Hong Kong Limited (the "SEHK").

The principal activities of the Group are set out in note 4 to this announcement.

2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES

These consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on SEHK (the "Listing Rules"), the Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" and other relevant HKASs and Interpretations and the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

These consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the consolidated annual financial statements for the year ended 31st December, 2021, except for the adoption of the new and revised HKFRSs (which include individual HKFRSs, HKASs and interpretations) as disclosed in note 3 to this announcement.

These condensed consolidated interim financial statements are unaudited and do not include all the information and disclosures required in the consolidated annual financial statements, and should be read in conjunction with the Group's consolidated annual financial statements for the year ended 31st December, 2021.

3. ADOPTION OF NEW AND AMENDED HKFRSs

In the current period, the Group has applied for the first time the following new and amended HKFRSs (the "New and Amended HKFRSs") issued by the HKICPA, which are relevant to the Group and are effective for the Group's consolidated financial statements for the annual financial period beginning on 1st January, 2022.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

The adoption of these New and Amended HKFRSs had no material impact on how the results and financial positions for the current and prior periods have been prepared and presented.

The Group has not early adopted the New and Amended HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the application of these New and Amended HKFRSs will have no material impact on the results and the financial position of the Group.

4. REVENUE AND SEGMENT INFORMATION

The Company is an investment holding company. The principal activities of the Group are the manufacture and sale of BMW vehicles in the People's Republic of China (the "PRC") through its major associate, BMW Brilliance Automotive Ltd. ("BBA"), the manufacture and sale of automotive components through its subsidiaries Ningbo Yumin Machinery Industrial Co., Ltd ("Ningbo Yumin") and Mianyang Brilliance Ruian Automotive Components Co., Ltd. ("Mianyang Ruian"), and the provision of auto financing service through its subsidiary, Brilliance-BEA Auto Finance Co., Ltd. ("BBAFC"). Revenue earned during the period represents:

	(Unaudited)	
	For the six months ended	
	30th June,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Sale of automotive components, net of consumption tax, discounts and return	420,045	1,309,463
Interest and service charge income from provision of auto financing service, net of other indirect taxes	137,482	216,181
	<u>557,527</u>	<u>1,525,644</u>

As Renault Brilliance Jinbei Automotive Company Limited ("RBJAC"), which manufactured the Group's minibuses and multi-purpose vehicles ("MPVs"), has been undergoing restructuring since early January 2022, its financial statements were deconsolidated from the Group's condensed consolidated financial statements for the first six months ended 30th June, 2022.

Accordingly, the sale of approximately RMB420,045,000 for the six months ended 30th June, 2022 only consists of manufacturing and sale of automotive components.

The Group has identified the following reportable segments:

- the manufacture and sale of automotive components;
- the manufacture and sale of BMW vehicles; and
- the provision of auto financing service.

Each of these operating segments is managed separately as each of these product lines requires different resources as well as marketing approaches.

The measurement policies the Group adopts for reporting segment results under HKFRS 8 are the same as those used in its consolidated interim financial statements prepared under HKFRSs, except that certain items are not included in arriving at the operating results of the operating segments (eg. share of results of associates and joint ventures, interest income, finance costs, corporate income and expenses which are not directly attributable to the business activities of any operating segment, and income tax expense).

Segment assets include all assets other than interests in joint ventures, interests in associates and equity investments. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

Segment liabilities include all liabilities other than corporate liabilities which are not directly attributable to the business activities of any operating segment.

4. REVENUE AND SEGMENT INFORMATION (Cont'd)

Revenue and results by reportable segments and reconciliation of segment results to profit before income tax credit for the period – for the six months ended 30th June, 2022

(Unaudited)					
	Manufacture and sale of automotive components <i>RMB'000</i>	Manufacture and sale of BMW vehicles <i>RMB'000</i>	Provision of auto financing service <i>RMB'000</i>	Reconciliation to the Group's consolidated statement of profit or loss and intersegment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Segment sales to external customers	420,045	109,113,173	137,482	(109,113,173)	557,527
Segment results	(398,800)	21,297,632	434	(21,286,425)	(387,159)
Unallocated costs net of unallocated revenue					(56,850)
Gain on disposal of partial equity interest in a joint venture	–	4,895,929	–	–	4,895,929
Other taxes related to the disposal	–	(7,287,093)	–	–	(7,287,093)
Loss on deconsolidation of a subsidiary	(1,728,963)	–	–	–	(1,728,963)
Interest income					148,185
Finance costs					(11,455)
Share of results of:					
A joint venture	–	2,379,782	–	–	2,379,782
Associates	23,748	2,850,071	–	–	2,873,819
Profit before income tax credit					826,195

Revenue and results by reportable segments and reconciliation of segment results to profit before income tax expense for the period – for the six months ended 30th June, 2021

(Unaudited)					
	Manufacture and sale of minibuses, MPVs and automotive components <i>RMB'000</i>	Manufacture and sale of BMW vehicles <i>RMB'000</i>	Provision of auto financing service <i>RMB'000</i>	Reconciliation to the Group's consolidated statement of profit or loss and intersegment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Segment sales to external customers	1,309,463	113,985,302	216,181	(113,985,302)	1,525,644
Segment results	(664,942)	21,643,937	18,628	(21,628,150)	(630,527)
Unallocated costs net of unallocated revenue					(24,448)
Interest income					38,365
Finance costs					(71,643)
Share of results of:					
A joint venture	–	8,138,572	–	–	8,138,572
Associates	25,264	–	–	–	25,264
Profit before income tax expense					7,475,583

4. REVENUE AND SEGMENT INFORMATION (Cont'd)

The assets and liabilities by reportable segments as at 30th June, 2022

	(Unaudited)				
	Manufacture and sale of automotive components <i>RMB'000</i>	Manufacture and sale of BMW vehicles <i>RMB'000</i>	Provision of auto financing service <i>RMB'000</i>	Reconciliation to the Group's consolidated statement of financial position and intersegment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	22,758,852	180,492,983	3,479,450	(181,144,657)	25,586,628
Interests in associates	1,011,558	24,435,203	–	–	25,446,761
Equity investments					9,703
Unallocated assets					69,799
Total assets					51,112,891
Segment liabilities	3,008,241	82,752,172	1,764,414	(83,403,846)	4,120,981
Unallocated liabilities					15,124
Total liabilities					4,136,105

The assets and liabilities by reportable segments as at 31st December, 2021

	(Audited)				
	Manufacture and sale of minibuses, MPVs and automotive components <i>RMB'000</i>	Manufacture and sale of BMW vehicles <i>RMB'000</i>	Provision of auto financing service <i>RMB'000</i>	Reconciliation to the Group's consolidated statement of financial position and intersegment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	3,776,811	175,772,032	4,147,212	(176,423,685)	7,272,370
Interests in a joint venture	–	41,554,943	–	–	41,554,943
Interests in associates	987,766	–	–	–	987,766
Equity investments					9,463
Unallocated assets					126,453
Total assets					49,950,995
Segment liabilities	6,986,992	92,662,146	2,432,461	(93,319,945)	8,761,654
Unallocated liabilities					15,002
Total liabilities					8,776,656
Other disclosure: Impairment losses on assets	2,028,900	–	–	–	2,028,900

5. PROFIT BEFORE INCOME TAX CREDIT (EXPENSE)

Profit before income tax credit (expense) is stated after charging and crediting the following:

	(Unaudited)	
	For the six months ended	
	30th June,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Charging:		
ECL allowance for:		
– Loan receivables	10,675	4,400
– Other receivables	38,049	146
– Other receivables grouped under non-current assets	–	52
– Amounts due from affiliated companies	372,230	454,055
Cost of inventories	397,369	1,301,191
Impairment losses on owned assets:		
– Property, plant and equipment and construction-in-progress (b)	–	963
Amortisation of intangible assets (a)	4,466	34,796
Amortisation of land lease prepayments	1,059	1,059
Depreciation of property, plant and equipment:		
– Owned assets	27,212	109,964
– Right-of-use assets	10,276	11,226
Staff costs (including directors' emoluments)	163,191	270,542
Provision for inventories	1,832	3,802
Research and development costs (b)	17,252	18,506
Warranty provision (b)	1,109	3,899
Lease charges:		
– Short-term leases with lease term of 12 months or shorter	2,937	8,224
– Low value items	–	79
Loss on disposal of property, plant and equipment	259	472
Exchange loss, net (b)	–	6,339
	<hr/>	<hr/>
Crediting:		
Exchange gain, net (b)	2,638	–
Rental income from land and buildings	516	2,200
Reversal of ECL allowance for:		
– Accounts receivable	51	7,814
– Accounts receivable from affiliated companies	330	974
– Other receivables grouped under non-current assets	3	–
Write back of provision for inventories sold	–	129,899
	<hr/>	<hr/>

(a) amortisation of intangible assets in relation to production was included in cost of sales; amortisation of intangible assets for other purposes was included in general and administrative expenses.

(b) included in general and administrative expenses.

6. INCOME TAX CREDIT (EXPENSE)

Income tax credit for the six months ended 30th June, 2022 represents net over-provision of PRC corporate income tax in prior period in excess of PRC corporate income tax on the estimated taxable profits for the period (*Six months ended 30th June, 2021: Income tax expense represents PRC corporate income tax on the estimated taxable profits and PRC withholding tax on dividends of the subsidiaries in the PRC*).

Deferred tax in respect of tax losses and temporary differences is not recognised as it is not certain as to its recoverability.

7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company for the six months ended 30th June, 2022 of approximately RMB829,879,000 (*Six months ended 30th June, 2021: approximately RMB7,607,111,000*) by the weighted average number of ordinary shares of 5,045,269,000 shares (*Six months ended 30th June, 2021: 5,045,269,000 shares*).

Diluted earnings per share is the same as basic earnings per share for the six months ended 30th June, 2022 as there was no potential dilutive ordinary share in issue during the period (*Six months ended 30th June, 2021: same*).

8. DIVIDENDS

The directors of the Company did not recommend any dividend payment at the board meeting held on 7th September, 2022 in respect of the Group's interim results for the six months ended 30th June, 2022 (*Six months ended 30th June, 2021: nil*).

9. PLEDGED AND RESTRICTED SHORT-TERM BANK DEPOSITS

Pledged short-term bank deposits are pledged for the following purposes:

	(Unaudited) As at 30th June, 2022 RMB'000	(Audited) As at 31st December, 2021 RMB'000
Restricted short-term deposits (<i>Note i</i>)	3,340,468	580,676
Pledged short-term bank deposits for issue of bank guaranteed notes by the Group for settlements of accounts payable (<i>Note ii</i>)	164,333	164,519
Total pledged and restricted short-term bank deposits	3,504,801	745,195

Note i: Restricted short-term bank deposits represent the Group's short-term bank deposits designated by the courts in the PRC with restricted use for settlements of claims by creditors for payment disputes of purchases of goods and capital assets against the Group upon the final court judgements. The respective payable balances have been recognised in the consolidated financial statements and some of the cases have been resolved up to the date of these consolidated financial statements and the Group does not have to bear additional liabilities. For the court cases still underway, the directors of the Company also considered that the additional liabilities, if any, will not be material to the Group.

Note ii: As at 30th June, 2022, the Group had also pledged bank guaranteed notes receivable from third parties and related parties of approximately RMB98.0 million (*As at 31st December, 2021: approximately RMB73.1 million*) to secure the issue of bank guaranteed notes.

10. ACCOUNTS RECEIVABLE

	(Unaudited) As at 30th June, 2022 RMB'000	(Audited) As at 31st December, 2021 RMB'000
Accounts receivable	279,921	306,755
Accounts receivable from affiliated companies	<u>3,614</u>	<u>4,105</u>
	<u>283,535</u>	<u>310,860</u>

An aging analysis of accounts receivable based on invoice date is set out below:

	(Unaudited) As at 30th June, 2022 RMB'000	(Audited) As at 31st December, 2021 RMB'000
Less than six months	282,261	312,217
Six months to one year	2,831	4
Above one year but less than two years	3	75
Above two years but less than five years	19,741	36,088
Five years or above	<u>19,540</u>	<u>60,832</u>
	324,376	409,216
Less: ECL allowance	<u>(44,455)</u>	<u>(102,461)</u>
	<u>279,921</u>	<u>306,755</u>

As at 30th June, 2022, accounts receivable from third parties of approximately RMB7 million (*As at 31st December, 2021: approximately RMB33 million*) were substantially denominated in U.S. Dollar or Euro and the rest were denominated in Renminbi.

The Group's credit policy is to minimise credit risk. Credit history and background of new customers and debtors are checked and security deposits or letters of credit are usually obtained from major customers. Credit limits with credit terms of 30 to 90 days are set for PRC customers, and customers considered to be high risk are traded on cash basis or upon receipt of bank guaranteed notes or letters of credit. For overseas customers, since settlements must be made by letters of credit, credit periods up to one year are granted. Designated staff monitors accounts receivable and follow-up collection with customers.

11. ACCOUNTS PAYABLE

	(Unaudited) As at 30th June, 2022 RMB'000	(Audited) As at 31st December, 2021 RMB'000
Accounts payable	269,055	823,527
Accounts payable to affiliated companies	90,997	263,821
	<u>360,052</u>	<u>1,087,348</u>

An aging analysis of accounts payable based on invoice date is set out below:

	(Unaudited) As at 30th June, 2022 RMB'000	(Audited) As at 31st December, 2021 RMB'000
Less than six months	188,996	294,406
Six months to one year	15,232	320,802
Above one year but less than two years	44,466	24,984
Two years or above	20,361	183,335
	<u>269,055</u>	<u>823,527</u>

12. PROVISION FOR LOSS ON UNAUTHORISED GUARANTEES

In 2020, former management of Shenyang JinBei Automotive Industry Holdings Co., Ltd. (“SJAI”), acted in accordance with the instructions of Huachen Automotive Group Holdings Company Limited (“Huachen”) entered into “undisclosed guarantee” agreements with the four creditor banks for providing unauthorised guarantees to these creditor banks for bank financing to Huachen. Due to the failure of repayment by Huachen, four creditor banks of Huachen commenced legal proceedings against Huachen as the borrower and SJAI as the guarantor. The court judgements for the claims from these banks required SJAI to pay to all these banks 50% of the final unsettled bank loans by Huachen. As it is still uncertain as to the amount that Huachen will be able to repay these creditor banks given its restructuring is still ongoing, the provision for the loss in these unauthorised guarantees are recognised on 50% of the bank facilities utilised by Huachen plus the respective legal costs. Accordingly, a provision of RMB1,917,062,000 for the respective estimated loss was recognised at 30th June, 2022 (As at 31st December, 2021: Same).

MANAGEMENT'S DISCUSSION & ANALYSIS

Business Discussion and Analysis

The unaudited consolidated revenues of the Group (which comprised primarily net sales derived from the businesses operated by our major operating subsidiaries including BBAFC, Ningbo Yumin and Mianyang Ruian) for the six months ended 30th June, 2022 was RMB557.5 million, representing a decrease of 63.5% from RMB1,525.6 million generated during the same period in 2021. The main reason for the decrease was due to the exclusion of the sales of minibuses and MPVs of RBJAC as its financial statements were deconsolidated from the Group's condensed consolidated financial statements for the first half of 2022. The directors of the Company considered that the Group has lost control over RBJAC after its restructuring process commenced in early January 2022. Apart from that, revenue contribution from BBAFC also decreased during the first half of 2022 as a result of citywide covid-induced lockdowns in Shanghai during the period causing major business disruptions.

Unaudited cost of sales decreased by 67.5% from RMB1,410.2 million in the first six months of 2021 to RMB457.9 million for the same period in 2022. The unaudited gross profit of the Group decreased by 13.7% from RMB115.4 million in the first six months of 2021 to RMB99.6 million for the same period in 2022. Consequently, the unaudited gross profit margin of the Group improved to 17.9% in the first half of 2022 when compared to 7.6% for the same period last year. The improvement was due to the exclusion of negative RBJAC gross profit contribution as a result of its deconsolidation from the Group's accounts in the first six months of 2022.

Unaudited other income increased by 245.4% from RMB34.6 million in the first six months of 2021 to RMB119.5 million for the same period in 2022. The increase was mainly due to recognition of compensation income from the local government for the relocation of certain premises of a subsidiary.

Unaudited interest income increased by 285.9% from RMB38.4 million in the first six months of 2021 to RMB148.2 million for the same period in 2022 due to increases in short-term bank deposits and cash and cash equivalents as a result of the consideration payment received in February 2022 from the disposal of 25% equity interest in BBA.

Unaudited selling expenses decreased by 83.0% from RMB92.7 million in the first half of 2021 to RMB15.8 million for the same period in 2022. The decrease in selling expenses was mainly due to the exclusion of RBJAC selling expenses as a result of its deconsolidation from the Group's accounts in the first six months of 2022. As a result, selling expense as a percentage of revenue has decreased from 6.1% in the first half of 2021 to 2.8% for the same period in 2022.

Unaudited general and administrative expenses decreased by 13.6% from RMB262.4 million in the first six months of 2021 to RMB226.8 million for the same period in 2022. The unaudited general and administrative expenses as a percentage of revenues, on the other hand, increased from 17.2% in the first half of 2021 to 40.7% for the same period in 2022. The change between the two periods was caused by the deconsolidation of RBJAC from the Group's condensed consolidated financial statements, and one-off employee compensation expenses incurred for resizing the operations of certain subsidiaries of the Group, in the first six months of 2022.

Unaudited net ECL allowance on loans and receivables recognised in the first half of 2022 amounted to RMB420.6 million, a decrease of 6.5% from RMB449.9 million in the same period of 2021. The ECL allowance for the first half year of 2021 was mainly provided for the affiliated companies while the ECL allowance for the same period of 2022 was mainly for RBJAC.

Unaudited finance costs decreased by 83.9% from RMB71.6 million for the first six months of 2021 to RMB11.5 million for the same period in 2022, due to a decrease in bank borrowings as a result of the deconsolidation of RBJAC from the Group's accounts in the first six months of 2022.

The Group's unaudited share of results of joint venture represents contribution from BBA as a joint venture. Unaudited net profit contributed to the Group by BBA as a joint venture decreased by 70.8% from RMB8,138.6 million in the first half of 2021 to RMB2,379.8 million for the same period this year. It is mainly due to the reclassification of BBA from a joint venture to an associate when the sale of 25% BBA equity interest to BMW became effective in February 2022. Starting from 11th February, 2022, BBA is treated as an associate of the Company. As a result, the Group's unaudited share of results of associates increased by over 114 times from RMB25.3 million in the first half of 2021 to RMB2,873.8 million in the same period in 2022.

The BMW joint venture achieved local sales of 314,777 units in the first six months of 2022, a decrease of 11.2% as compared to 354,629 BMW vehicles sold in the same period in 2021. The local sales volumes of BBA by models are listed in the table below:

BBA BMW Models	1H2022 <i>(Units)</i>	1H2021 <i>(Units)</i>	Change <i>%</i>
1-series	10,997	19,530	-43.7%
3-series	82,386	101,025	-18.4%
5-series	98,213	87,405	+12.4%
X1	33,185	53,330	-37.8%
X2	8,322	12,014	-30.7%
X3	71,947	81,325	-11.5%
X5	9,727	0	n/a
Total BMW vehicles	314,777	354,629	-11.2%
Of which BEVs	12,777	7,887	+62.0%

In addition, the BMW joint venture also has started prominent export sales. It had 11,162 units, mainly X3 BEV models, sold overseas for the first half of 2022, an increase by 13.1% from 9,868 units sold overseas for the same period of 2021.

The unaudited gain on disposal of partial equity interest in a joint venture of RMB4,895.9 million recorded for the first half of 2022 represents the gain from disposal of the 25% equity interest in BBA by the Group to BMW which became effective on 11th February, 2022.

The unaudited other taxes related to the disposal of RMB7,287.1 million recorded for the first half of 2022 represents taxes paid on capital gains derived from the disposal of the 25% equity interest in BBA.

The unaudited loss on deconsolidation of a subsidiary of RMB1,729.0 million recorded for the first half of 2022 represents losses realised upon deconsolidation of RBJAC from the Group's accounts in the first six months of 2022.

The Group's unaudited results before income tax credit decreased by 88.9% from RMB7,475.6 million in the first half of 2021 to RMB826.2 million for the same period in 2022. Unaudited income tax expense turned from an expense of RMB6.1 million for the first half of 2021 to a credit of RMB3.8 million for the current period, due to over-provision of income tax of a subsidiary in prior period.

As a result of the above, the Group recorded an unaudited profit attributable to equity holders of the Company of RMB829.9 million for the first half of 2022, compared to RMB7,607.1 million for the same period in 2021. Unaudited basic earnings per share for the six months ended 30th June, 2022 amounted to RMB0.16449 compared to RMB1.50777 for the same period in 2021.

Prospects

During the first six months of 2022, China's economy was burdened by a series of challenges posed by the largest COVID-19 wave in two years and a worsening global environment. As a result, China's GDP grew by 2.5% year-on-year during the period. According to the China Association of Automobile Manufacturers, total Chinese vehicle sales decreased by 6.6% to 12.1 million units in the first six months of 2022. Of this figure, passenger vehicle sales accounted for 10.4 million units, an increase of 3.4% from the same period last year. Sales of NEVs continued to increase significantly reaching 2.5 million units, up 122.9% from the same period last year. Premium passenger vehicle sales in China underperformed overall segment growth for the first time in years, registering a drop of 15.6% year-on-year during the first half of 2022 which was mainly caused by continuing semiconductor bottlenecks and supply chain disruptions.

In spite of the challenging operating environment, BBA delivered favourable results in both sales volumes and profits during the first half of 2022. Despite a 11.2% drop in sales volume compared to the same period last year, with improved sales mix the profitability level achieved by BBA during the period was maintained on par year-on-year. At the same time, the company also managed to open its Plant Dadong extension and new Plant Lydia according to schedule during the first half of 2022. The addition of these new capacities will support the planned launches of new models in 2022 and beyond. BBA's dealer network nationwide also reached 613 full service 4S/5S shops as at 30th June, 2022. Furthermore, BBA's sales activities also continue to be supported by the BMW auto finance company as well as Herald International Financial Leasing Co. Ltd.

The recent launches of the All-New BMW i3 (which is a long-wheelbase BEV version of the 3-series model) and the All-New X5 long-wheelbase model by BBA are expected to drive further sales momentum. The online launch event at the end of March 2022 achieved a live broadcast volume of 17.8 million. Additionally, both the X5 and the i3 generated a strong social buzz, with the X5 commended for its interior space and luxury feeling whilst i3 being perceived as sporty and high quality. With strong product competitiveness, the X5 is maintaining strong order intake momentum with the steady volume ramp up displaying strong market acceptance. The i3 is also showing major market potential with a growing order intake trend since its digital start of communication.

BBA is committed to be a leader in premium e-mobility in China, and is working with BMW to explore new technologies and accelerate sustainability throughout the entire NEV value chain. In fact, the new cutting-edge Plant Lydia is designed to fully gear towards e-mobility and digital applications. Ling Yue Digital Information Technology Co., Ltd. (“**LingYue**”), the wholly owned subsidiary of BBA is responsible for digital solutions and management of digital business operations, continues to work on the built-up of China-specific software development competencies within the BBA group of companies. By the end of June 2022, the BMW public charging network already comprised of over 432,000 charging pillars across China.

As for RBJAC, this minibus and light commercial vehicle (“**LCV**”) joint venture has applied to Shenyang Intermediate People’s Court on 30th December, 2021 for a restructuring. At present, RBJAC is still undergoing the restructuring.

BBAFC, our auto finance subsidiary in China, has faced a slowdown of its new business due to the unexpected and extended lockdown of Shanghai and other major cities during 1H2022. Nevertheless, BBAFC was able to effectively utilise this period to build a stronger foundation by further expanding its new business cooperation with carefully selected NEV partners in China. These relationships will not only support the long-term volume development of BBAFC, but will also help secure its reputation as a leading NEV financier within the China automotive finance segment. On the other hand, the profitability challenges as a result of the restricted volumes in the first half of 2022 is expected to extend through to full year 2022. The higher refinancing costs that BBAFC is facing due to the ongoing and extended Huachen group restructuring is another factor that is negatively impacting the profitability status of the company.

Ningbo Yumin recorded a slight increase in turnover in the first half of 2022 and achieved its overall business development, turnover and net profit targets for the period. It undertook a total of 11 new development projects and attracted 2 new customers during the period. Ningbo Yumin recently received a special notice from BYD, a leading NEV enterprise in the PRC, that it has become a supplier of moonroof window guide rail assembly products for the NEV manufacturer. This new cooperation will give an extra boost to the sales volume of Ningbo Yumin’s core business.

During the first half of 2022, Mianyang Ruian saw a plunge of over 20% in the demand for its products, and interruptions to its production and sale plans, due to the sudden COVID outbreak in the PRC which affected its key customers such as FAW Group and SAIC. Nevertheless, Mianyang Ruian devised an emergency response plan in a timely manner and managed to offset the loss of orders by stepping up the production of CE15 which is newly developed for Li Auto. It also secured the exclusive development projects of 15TDE for Geely and V12 for FAW Group. Despite market challenges, Mianyang Ruian will continue to take proactive actions and strive for the company's business targets for the remainder of the year.

In March 2021, the Company was informed by the auditors of the existence of certain unauthorised guarantees and legal proceedings relating to such guarantees. As a result, the Company has not been able to publish the final results for the year ended 31st December, 2020 by the timeline stipulated in the Listing Rules and trading of the shares of the Company was suspended with effect from 31st March, 2021. The SEHK has imposed certain resumption guidance for the resumption of trading of the shares of the Company. The Company has to fulfil the resumption guidance to the satisfaction of the SEHK and resume trading of the shares by 30th September, 2022. The Company is currently working closely with its advisers to fulfil the resumption guidance and to achieve resumption of trading of the shares as early as possible. Updates on the progress of the fulfilment of the resumption guidance and actions taken by the Company to fulfil the resumption guidance have been and will be set out in the announcements published and to be published by the Company.

Liquidity and Financial Resources

As at 30th June, 2022, the Group had RMB17,940.1 million in cash and cash equivalents (*As at 31st December, 2021: RMB1,049.3 million*), RMB32.5 million in statutory deposit reserves at central bank (*As at 31st December, 2021: RMB32.5 million*) and RMB3,504.8 million in pledged and restricted short-term bank deposits (*As at 31st December, 2021: RMB745.2 million*). As at 30th June, 2022, the Group had accounts payable in the amount of RMB360.1 million (*As at 31st December, 2021: RMB1,087.3 million*). As at 30th June, 2022, the Group had notes payable in the amount of RMB260.5 million (*As at 31st December, 2021: RMB334.4 million*).

As at 30th June, 2022, the Group had outstanding short-term bank borrowings of RMB1,034.5 million (*As at 31st December, 2021: RMB2,167.3 million*), and long-term bank borrowings due within one year and over one year of RMB9.6 million (*As at 31st December, 2021: RMB390.6 million*) and RMB2.7 million (*As at 31st December, 2021: RMB7.5 million*), respectively.

All short-term bank borrowings as at 30th June, 2022 were due within one year, and being repayable from 9th July, 2022 to 6th January, 2023 (*As at 31st December, 2021: repayable from 6th January, 2022 to 21st December, 2022*). As at 30th June, 2022, all short-term bank borrowings were interest-bearing at rates ranging from 5.30% to 6.50% per annum (*As at 31st December, 2021: 5.03% to 8.00% per annum*), and were denominated in Renminbi (*As at 31st December, 2021: Renminbi*).

Included in short-term bank borrowings is a bank borrowing of RMB827 million (*As at 31st December, 2021: RMB827 million*) from a non-controlling interest of BBAFC. The interest incurred on the respective bank borrowings for the six months ended 30th June, 2022 amounted to approximately RMB25 million (*Six months ended 30th June, 2021: approximately RMB22 million*).

RMB9.6 million of the long-term bank borrowings as at 30th June, 2022 were due within one year, being repayable from 20th July, 2022 to 20th June, 2023 (*As at 31st December, 2021: RMB390.6 million, repayable from 20th January, 2022 to 20th December, 2022*); and RMB2.7 million were due over one year, being repayable from 20th July, 2023 to 20th October, 2023 (*As at 31st December, 2021: RMB7.5 million, being repayable from 20th January, 2023 to 20th October, 2023*). As at 30th June, 2022, these long-term bank borrowings were interest-bearing at 5.23% per annum, and were denominated in Renminbi (*As at 31st December, 2021: 4.10% to 5.23% per annum, Renminbi*).

With an aim to improve its liquidity, the Group regularly monitors its accounts receivable turnover and inventory turnover. For the six months ended 30th June, 2022, the Group's accounts receivable turnover days was approximately 96 days, compared to approximately 101 days for the year ended 31st December, 2021. Inventory turnover days was approximately 98 days for the six months ended 30th June, 2022, compared to approximately 83 days for the year ended 31st December, 2021.

Capital Structure and Funding Policies

As at 30th June, 2022, the Group's total assets was approximately RMB51,112.9 million (*As at 31st December, 2021: approximately RMB49,951.0 million*), which was funded by the following: (a) share capital of RMB397.2 million (*As at 31st December, 2021: RMB397.2 million*), (b) reserves of RMB45,807.8 million (*As at 31st December, 2021: RMB41,931.5 million*), (c) total liabilities of RMB4,136.1 million (*As at 31st December, 2021: RMB8,776.7 million*) and (d) positive contribution from non-controlling interests of RMB771.8 million (*As at 31st December, 2021: negative contribution of RMB1,154.4 million*).

As at 30th June, 2022, 99.7% (*As at 31st December, 2021: 90.9%*) of the Group's cash and cash equivalents (comprising cash on hand, bank balances and demand deposits within 3 months of maturity when acquired) were denominated in Renminbi, whereas 0.1% (*As at 31st December, 2021: 0.7%*) were denominated in U.S. Dollar. The remaining balance of 0.2% (*As at 31st December, 2021: 8.4%*) were denominated in other currencies. Apart from the borrowings, banking facilities were in place for contingency purposes. As at 30th June, 2022, the Group's total available banking facilities for its daily operations amounted to RMB62.9 million (*As at 31st December, 2021: RMB80.9 million*) without any committed banking facilities.

The Group funds its short-term working capital requirement mainly through its own operational cash flow, short-term bank borrowings, issue of bank guaranteed notes and payment credit from its suppliers. The Group monitors and maintains a level of cash and cash equivalents considered adequate by the management to finance the Group's operations, expected expansion and product developments. Management also monitors the utilisation of bank borrowings and ensures compliance with loan covenants. For long-term capital expenditures, the Group's strategy is to fund these long-term capital commitments by a combination of operational cash flow, bank borrowings, dividends from joint ventures and associates, if any, and fund raising exercises in the capital market, if and when necessary.

Capital Expenditures and Commitments

For the first six months of 2022, the Group incurred capital expenditures of RMB26.7 million (*Six months ended 30th June, 2021: RMB150.5 million*) mainly for acquisition of both owned and right-of-use assets of tools and moulds, machinery and equipment, as well as specialised software.

As at 30th June, 2022, the Group's contracted capital commitments amounted to RMB3.6 million (*As at 31st December, 2021: RMB832.9 million*), which were related to the capital expenditures in respect of construction projects, acquisition of plant facilities and machinery, and others.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

On 11th February, 2022, BBA has received the new business license from the Shenyang Dadong Administration for Market Supervision, effective as of 11th February, 2022, evidencing BMW Holding B.V. ("**BMW**") as holder of the 25% equity interest originally held by SJAI in BBA. On 18th February, 2022, completion of the disposal of the said 25% equity interest in BBA by SJAI to BMW (the "**Disposal**") had taken place. The total amount of the consideration in the sum of RMB27,941,146,575.34 was received by SJAI on 18th February, 2022. Following completion of the Disposal, the Company continues to indirectly hold 25% equity interest in BBA, which is an associate of the Company, and its financial results will continue to be equity accounted for in the financial statements of the Group.

Save as aforesaid, there were no significant investments held, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30th June, 2022.

New Business and New Products

BBA will continue to introduce new BMW models of both internal combustion engine and battery electric drivetrains into the Chinese market over the next few years. The first locally-produced X5 as well as the first electrified 3-series long-wheelbase models have both been launched to the market during 3Q2022.

As for BBAFC, its business strategy is to maintain its current OEM partners as its base, whilst the company grows and develops its NEV portfolio with established and new innovative partners. The company has already initiated discussions with carefully selected local and international brands, and these are in various stages of progress. In addition, BBAFC has numerous and diverse funding initiatives to support its business development, which range from regular vanilla finance loans to more innovative green syndication funding solutions that are supported by foreign banking partners. In addition to this, the company has implemented retail co-lending operations that support OEM relationship development.

As for Mianyang Ruian, the camshafts for the Nordthor Power DHE-15 plug-in hybrid vehicles of Geely went into mass production and will be launched to overseas markets together with Geely's new energy vehicles this year.

Employees, Remuneration Policy and Training Programmes

The Group employed approximately 1,427 employees as at 30th June, 2022 (*As at 30th June, 2021: 4,584*). Employee costs amounted to RMB163.2 million for the six months ended 30th June, 2022 (*Six months ended 30th June, 2021: RMB270.5 million*). The Group will endeavour to ensure that the salary levels of its employees are in line with industry practices and prevailing market conditions, and that employees' remuneration is based on performance.

In addition, BBAFC endeavours to support the growth of employees' capability that will help themselves and enhance our own competitiveness. The company provides training to all of its employees according to the annual schedule to enhance their overall quality and professional expertise, BBAFC focuses on cultivating employees, helping employees for their all-round career development and career planning, enhancing employees' core competencies, professional knowledge and skills. Online and offline training include professional skills, quality enhancements, business and product knowledge, occupational ethics and safety, management skills, leadership and team work co-operation etc. The company provided targeted training activities to employees of different seniority according to frontline, middle level and senior employees.

Charge on Assets

As at 30th June, 2022, short-term bank borrowings of RMB407.5 million (*As at 31st December, 2021: RMB567.7 million*) were secured by the Group's buildings, tools and moulds, machinery and equipment and construction-in-progress with an aggregate net book value of approximately RMB73.9 million, and loan receivables of RMB510.3 million (*As at 31st December, 2021: secured by land lease prepayments with a net book value of approximately RMB2.0 million, buildings, tools and moulds, machinery and equipment and construction-in-progress with an aggregate net book value of approximately of RMB108.8 million, and loan receivables of RMB718.6 million*).

As at 30th June, 2022, long-term bank borrowings of RMB12.3 million (*As at 31st December, 2021: RMB398.1 million*) were secured by the Group's land lease prepayments with a net book value of approximately RMB28.4 million and buildings, plant and equipment with an aggregate net book value of approximately RMB39.6 million (*As at 31st December, 2021: land lease prepayments with a net book value of approximately RMB28.8 million, buildings, plant and equipment with an aggregate net book value of approximately RMB43.9 million and loan receivables of approximately RMB709.3 million*).

In addition, as at 30th June, 2022, the Group pledged short-term bank deposits in an aggregate amount of RMB164.3 million (*As at 31st December, 2021: RMB164.5 million*) for issue of bank guaranteed notes by the Group for settlements of accounts payable. For details, please refer to note 9 of this announcement.

As at 30th June, 2022, the Group had restricted short-term bank deposits of RMB3,340.5 million (*As at 31st December, 2021: RMB580.7 million*) which represent the Group's short-term bank deposits designated by the courts in the PRC with restricted use for settlements of claims by creditors for payment disputes of purchases of goods and capital assets against the Group upon the final court judgements. The respective payable balances have been recognised in the consolidated financial statements and some of the cases have been resolved up to the date of these consolidated financial statements and the Group does not have to bear additional liabilities. For the court cases still underway, the directors of the Company also considered that the additional liabilities, if any, will not be material to the Group.

As at 30th June, 2022, the Group had also pledged bank guaranteed notes receivable from third parties and related parties of approximately RMB98.0 million (*As at 31st December, 2021: approximately RMB73.1 million*) to secure the issue of bank guaranteed notes.

Future Plans for Material Investments or Additions of Capital Assets

There was no plan authorised by the Board for material investments or additions of capital assets during the six months ended 30th June, 2022.

Gearing Ratio

As at 30th June, 2022, the gearing ratio, computed by dividing total liabilities by total equity attributable to equity holders of the Company, was approximately 0.09 (*As at 31st December, 2021: approximately 0.21*). The decrease in the gearing ratio was primarily due to decrease in other payable and bank borrowings during the six months ended 30th June, 2022.

Foreign Exchange Risks

The Group considers that exchange rate fluctuations may have some effect on the overall financial performance of the Group but it is still at an insignificant level. The Group will continue to monitor and may consider entering into hedging arrangements in order to minimise foreign exchange risks, if and when necessary. There were no outstanding hedging transactions as at 30th June, 2022 (*As at 30th June, 2021: nil*).

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 30th June, 2022.

DIVIDENDS

The directors of the Company did not recommend any dividend payment at the board meeting held on 7th September, 2022 in respect of the Group's 2022 interim results (*2021: nil*).

IMPORTANT EVENTS AFFECTING THE GROUP THAT HAVE OCCURRED SINCE 30TH JUNE, 2022

Save as disclosed below, to the knowledge of the directors of the Company, there is no other important events affecting the Group since 30th June, 2022 and up to the date of this announcement:

a) Restructuring of Huachen

On 15th November, 2020, the board of directors of the Company was informed by Huachen, the controlling shareholder of the Company, that Huachen had received a written notice from the Intermediate People's Court of Shenyang City, Liaoning Province (遼寧省瀋陽市中級人民法院) (the "**Shenyang Intermediate People's Court**") that Gezhi Automobile Technology Co., Ltd.* (格致汽車科技股份有限公司) has filed an application to the Shenyang Intermediate People's Court for restructuring of Huachen (the "**Huachen Restructuring**"). On 2nd June, 2022, Huachen and a number of its related companies have presented a restructuring plan (the "**Restructuring Plan**") to the Shenyang Intermediate People's Court and requested for convening a creditors' meeting to vote on the Restructuring Plan. Pursuant to the Restructuring Plan, it is proposed that to facilitate the Huachen Restructuring, among others, the Company shall transfer the 49% equity interest held by the Company in Shenyang Brilliance Power Train Machinery Co., Ltd. ("**Brilliance Power**") to Huachen at nil consideration. On 21st July, 2022, the board of directors of the Company was informed that the creditors of Huachen did not approve the Restructuring Plan. As the Restructuring Plan remained subject to the approval of the creditors of Huachen and by the Shenyang Intermediate People's Court, the possible disposal of the 49% equity interest in Brilliance Power to Huachen will only materialise following the approval of the Restructuring Plan by the creditors of Huachen and by the Shenyang Intermediate People's Court. For further details, please refer to the Company's announcements dated 15th November, 2020, 20th November, 2020 and 21st June, 2022. The Company will continue to closely monitor the development of the Huachen Restructuring and actively cooperate with the subsequent restructuring procedures imposed by the Shenyang Intermediate People's Court and will keep the shareholders of the Company and the public informed of any major developments in relation to the Huachen Restructuring by issuing further announcement(s) as and when appropriate.

b) Suspension of trading in the shares of the Company on the SEHK

- (i) Trading in the shares of the Company on the SEHK has been suspended since 31st March, 2021, and remains suspended as at the date of this announcement.
- (ii) On 23rd April, 2021, RSM Consulting (Hong Kong) Limited (“**RSM**”), an independent third party investigator, was engaged to conduct an independent investigation (the “**Independent Investigation**”) into the guarantees provided by SJAI, an indirect wholly-owned subsidiary of the Company, in favour of a number of banks in the PRC to secure loans to Huachen in the accumulated sum of RMB5,898,000,000 (the “**Unauthorised Guarantees**”) and deposit pledges provided by SJAI to banks in the PRC as security for the issue of bank acceptance notes (also referred to as bank guaranteed notes in the consolidated financial statement issued by the auditors of the Company in this announcement) to Huachen and as security for bank financing to Brilliance Power and/or Shenyang Huayixin Automobile Sales Co., Ltd. (“**Huayixin**”), in the accumulated sum of RMB4,005,900,000 (the “**Deposit Pledges**”) and produce a report of findings on the Independent Investigation to an independent board committee comprising of all independent non-executive directors of the Company (the “**Independent Board Committee**”). RSM issued a report on the Independent Investigation on 12th November, 2021. Details of the key findings of the Independent Investigation are set out in the Company’s announcement dated 16th November, 2021.
- (iii) On 27th May, 2021, the Company received a letter from the SEHK stating that the Listing Committee of the SEHK may cancel the Company’s listing under Rule 6.01A(1) of the Listing Rules if the Company fails to remedy the issues causing its trading suspension, fulfil the resumption guidance, and fully comply with the Listing Rules to the SEHK’s satisfaction and resume trading in its shares by 30th September, 2022. In such case, the Listing Division of the SEHK will recommend the Listing Committee of the SEHK to proceed with the cancellation of the Company’s listing. For further details, please refer to the Company’s announcement dated 31st May, 2021.
- (iv) On 9th February, 2022, the Company received additional resumption guidance from the SEHK. For further details, please refer to the Company’s announcement dated 14th February, 2022.
- (v) On 15th March, 2022, RSM Corporate Advisory (Hong Kong) Limited (“**RSMCA**”), an independent third party investigator, was engaged to conduct an independent forensic investigation (the “**Independent Forensic Investigation**”) with a view to identifying all unauthorised financial assistance made by the Group since 2019 and produce a report of findings on the Independent Forensic Investigation to the Independent Board Committee. RSMCA issued a report on the Independent Forensic Investigation on 18th August, 2022. Details of the key findings of the Independent Forensic Investigation are set out in the Company’s announcement dated 19th August, 2022.

c) Restructuring of RBJAC

On 30th December, 2021, RBJAC, a sino-foreign equity joint venture established in the PRC which is effectively owned as to 51% by the Company and 49% by Renault SAS, has lodged an application for a restructuring of RBJAC (the “**RBJAC Restructuring**”) with the Shenyang Intermediate People’s Court. A meeting of the creditors of RBJAC was held on 20th May, 2022 whereby a plan for the RBJAC Restructuring was approved by the creditors of RBJAC. As the formal plan for the RBJAC Restructuring is still being formulated, an application was made by RBJAC to the Shenyang Intermediate People’s Court on 4th July, 2022 for the postponement of the submission of the plan for the RBJAC Restructuring till 12th October, 2022. For further details, please refer to the Company’s announcements dated 30th December, 2021, 12th January, 2022 and 24th May, 2022. The Company will continue to closely monitor the development of the RBJAC Restructuring and actively cooperate with the subsequent restructuring procedures imposed by the Shenyang Intermediate People’s Court and will keep the shareholders of the Company and the public informed of any major developments in relation to the RBJAC Restructuring by issuing further announcement(s) as and when appropriate.

d) Disposal of 25% equity interest in BBA by SJAI

On 11th February, 2022, BBA has received the new business license from the Shenyang Dadong Administration for Market Supervision, effective as of 11th February, 2022, evidencing BMW as holder of the 25% equity interest originally held by SJAI in BBA. On 18th February, 2022, completion of the Disposal had taken place. The total amount of the consideration in the sum of RMB27,941,146,575.34 was received by SJAI on 18th February, 2022. Following completion of the Disposal, the Company continues to indirectly hold 25% equity interest in BBA, which is an associate of the Company, and its financial results will continue to be equity accounted for in the financial statements of the Group. For further details, please refer to the Company’s announcement dated 11th February, 2022.

e) Litigations against the Group

(i) 中國光大銀行股份有限公司瀋陽分行(China Everbright Bank Co., Ltd. (Shenyang Branch*)) (“**China Everbright Bank**”) has brought a claim against SJAI in the sum of approximately RMB1,818 million (inclusive of interests accrued, legal costs and other costs and expenses) (the “**CEB RMB1,818 million Proceeding**”). The CEB RMB1,818 million Proceeding was heard by the Shenyang Intermediate People’s Court on 17th June, 2021. On 3rd December, 2021, the Shenyang Intermediate People’s Court issued its judgment in relation to the CEB RMB1,818 million Proceeding (the “**CEB RMB1,818 million Proceeding Trial Judgment**”). The CEB RMB1,818 million Proceeding Trial Judgment stipulates that SJAI shall (i) repay China Everbright Bank 50% of the principal of the loan together with interest in the amount of RMB1,817,198,869.16; and (ii) be liable for 50% of the case acceptance fee. China Everbright Bank has filed an appeal to the Liaoning High People’s Court (遼寧省高級人民法院) in relation to the CEB RMB1,818 million Proceeding Trial Judgment.

- (ii) China Everbright Bank has brought a claim against SJA I and 華晨汽車(鐵嶺)專用車有限公司 (Huachen Automotive (Tieling) Special Purpose Vehicle Co., Ltd.*) (“**Huachen Tieling**”), an associate of Huachen, in the sum of approximately RMB30 million (inclusive of interests accrued, legal costs and other costs and expenses) (the “**CEB RMB30 million Proceeding**”). The CEB RMB30 million Proceeding was heard by the Shenyang Intermediate People’s Court on 15th July, 2021. On 11th March, 2022, the Shenyang Intermediate People’s Court issued its judgment in relation to the CEB RMB30 million Proceeding (the “**CEB RMB30 million Proceeding Trial Judgment**”). The CEB RMB30 million Proceeding Trial Judgment stipulates that (1) Huachen Tieling shall (i) repay China Everbright Bank the principal of the loan in the amount of RMB29,543,496.84, interest accrued up to the date of repayment (as of 19th April, 2021, the total accrued interest amounted to RMB488,132.43) calculated in accordance with the terms of the loan agreement and legal fees of China Everbright Bank in the amount of RMB100,000 (together the “**CEB RMB30 million Repayment Order**”); and (ii) be liable for the case acceptance fee, and 50% of the preservation fee; and (2) SJA I shall be liable for (i) 50% of such amount of the CEB RMB30 million Repayment Order which cannot be discharged by Huachen Tieling; (ii) up to 50% of the case acceptance fee subject to the extent discharged by Huachen Tieling; and (iii) 50% of the preservation fee. At the request of China Everbright Bank, the Shenyang Intermediate People’s Court had also simultaneously issued a court order on 11th March, 2022 for the seizure of assets of Huachen Tieling and SJA I with the aggregate value of RMB30,131,629.27 (the “**CEB RMB30 million Seizure Order**”) as preservation for the CEB RMB30 million Repayment Order.
- (iii) China Everbright Bank has brought a claim against SJA I in the sum of approximately RMB156 million (inclusive of interests accrued, legal costs and other costs and expenses) (the “**CEB RMB156 million Proceeding**”). The CEB RMB156 million Proceeding was heard by the Shenyang Intermediate People’s Court on 27th August, 2021. On 8th December, 2021, the Shenyang Intermediate People’s Court issued its judgment in relation to the CEB RMB156 million Proceeding (the “**CEB RMB156 million Proceeding Trial Judgment**”). The CEB RMB156 million Proceeding Trial Judgment stipulates that SJA I shall (i) repay China Everbright Bank 50% of the principal of the loan together with interest in the amount of RMB155,602,540.41; and (ii) be liable for 50% of the case acceptance fee. China Everbright Bank has filed an appeal to the Liaoning High People’s Court in relation to the CEB RMB156 million Proceeding Trial Judgment.

- (iv) China Everbright Bank has brought a claim against SJAI in the sum of approximately RMB208 million (inclusive of interests accrued, legal costs and other costs and expenses) (the “**CEB RMB208 million Proceeding**”). The CEB RMB208 million Proceeding was heard by the Shenyang Intermediate People’s Court on 8th October, 2021. On 28th February, 2022, the Shenyang Intermediate People’s Court issued its judgment in relation to the CEB RMB208 million Proceeding (the “**CEB RMB208 million Proceeding Trial Judgment**”). The CEB RMB208 million Proceeding Trial Judgment stipulates that SJAI shall (i) repay China Everbright Bank 50% of the principal of the loan together with interest in the amount of RMB205,901,500.01; and (ii) be liable for 50% of the case acceptance fee, and the preservation fee in the amount of RMB5,000.
- (v) China Everbright Bank has brought a claim against SJAI in the sum of approximately RMB490 million (the “**CEB RMB490 million Proceeding**”). The CEB RMB490 million Proceeding was heard by the Shenyang Intermediate People’s Court on 22nd July, 2021. On 25th November, 2021, the Shenyang Intermediate People’s Court issued its judgment in relation to the CEB RMB490 million Proceeding (the “**CEB RMB490 million Proceeding Trial Judgment**”). The CEB RMB490 million Proceeding Trial Judgment stipulates that (1) according to the CEB RMB490 million Proceeding Trial Judgment, the subject loan under the CEB RMB490 million Proceeding was drawn by the defendant, as borrower (the “**CEB RMB490 million Proceeding Defendant**”), which was a group company of Huachen at the material time, and which shall (i) repay China Everbright Bank the principal of the loan in the amount of RMB493,272,918.78, interest accrued up to the date of repayment (as of 5th July, 2020, the total accrued interest amounted to RMB1,218,669.92) calculated in accordance with the terms of the loan agreement and legal fees of China Everbright Bank in the amount of RMB90,000 (together the “**RMB490 million Repayment Order**”); and (ii) be liable for the case acceptance fee and the preservation fee; and (2) SJAI shall be liable for (i) 50% of such amount of the RMB490 million Repayment Order which cannot be discharged by the CEB RMB490 million Proceeding Defendant; (ii) up to 50% of the case acceptance fee subject to the extent discharged by the CEB RMB490 million Proceeding Defendant and a group company of Huachen as guarantor; and (iii) the preservation fee. China Everbright Bank has filed an appeal to the Liaoning High People’s Court in relation to the CEB RMB490 million Proceeding Trial Judgment.
- (vi) At the request of China Everbright Bank, a court order has been issued by the Shenyang Intermediate People’s Court to freeze deposits of SJAI deposited with Industrial Bank Co., Ltd. Shenyang Branch (興業銀行股份有限公司瀋陽分行) (“**Industrial Bank**”) in the aggregate amount of RMB2,212,646,915.77 (collectively, the “**CEB Freezing Orders**”) in relation to the CEB RMB1,818 million Proceeding Trial Judgment, the CEB RMB156 million Proceeding Trial Judgment, the CEB RMB208 million Proceeding Trial Judgment and the CEB RMB30 million Proceeding Trial Judgment. As a result of the CEB Freezing Orders, an aggregate amount of RMB2,212,646,915.77 had been frozen by Industrial Bank for a period of 12 months (with commencement dates ranging from 25th February, 2022, 4th March, 2022 and 17th March, 2022) or until the respective CEB Freezing Orders have been discharged.

- (vii) 哈爾濱銀行股份有限公司瀋陽分行(Harbin Bank Co., Ltd. (Shenyang Branch*)) (“**Harbin Bank**”) has brought a claim against SJAI in the sum of RMB300 million (the “**Harbin Bank RMB300 million Proceeding**”). The Harbin Bank RMB300 million Proceeding was heard by the Shenyang Intermediate People’s Court on 26th April, 2021. On 25th November, 2021, the Shenyang Intermediate People’s Court issued its judgment in relation to the Harbin Bank RMB300 million Proceeding (the “**Harbin Bank RMB300 million Proceeding Trial Judgment**”). The Harbin Bank RMB300 million Proceeding Trial Judgment stipulates that (1) Huachen shall (i) repay Harbin Bank the RMB300 million loan (the “**RMB300 million Repayment Order**”); and (ii) be liable for the case acceptance fee and the preservation fee; and (2) SJAI shall be liable for (i) 50% of such amount of the RMB300 million Repayment Order which cannot be discharged by Huachen; (ii) up to 50% of the case acceptance fee subject to the extent discharged by Huachen and the two group companies of Huachen as guarantors; and (iii) the preservation fee. Harbin Bank has filed an appeal to the Liaoning High People’s Court in relation to the Harbin Bank RMB300 million Proceeding Trial Judgment. At the request of Harbin Bank, a court order has been issued by the Shenyang Intermediate People’s Court to freeze bank deposits of SJAI deposited with Shengjing Bank Co., Ltd. in the amount of approximately RMB301 million or assets of equivalent value.
- (viii) 中國進出口銀行遼寧省分行(The Export-Import Bank of China (Liaoning Province Branch*)) (“**Export-Import Bank**”) has brought a claim against SJAI in the sum of approximately RMB612 million (the “**EIB Proceeding**”). The EIB Proceeding was heard by the Shenyang Intermediate People’s Court on 26th July, 2021. On 7th December, 2021, the Shenyang Intermediate People’s Court issued its judgment in relation to the EIB Proceeding (the “**EIB Proceeding Trial Judgment**”). The EIB Proceeding Trial Judgment stipulates that SJAI shall (i) repay Export-Import Bank 50% of the principal of the loan together with interest in the amount of RMB612,435,515.74; and (ii) be liable for 50% of the case acceptance fee. Export-Import Bank has filed an appeal to the Liaoning High People’s Court in relation to the EIB Proceeding Trial Judgment. At the request of Export-Import Bank, a court order has been issued by the Shenyang Intermediate People’s Court to freeze deposits of SJAI deposited with Industrial Bank in the aggregate amount of RMB612,429,822.69 (the “**Export-Import Bank Freezing Order**”). As a result of the Export-Import Bank Freezing Order, an amount of RMB612,429,822.69 had been frozen by Industrial Bank from 1st July, 2022 for a period of 12 months or until the Export-Import Freezing Order has been discharged.

- (ix) 華夏銀行股份有限公司瀋陽和平支行 (Huaxia Bank Co., Ltd. (Shenyang Heping Branch)*) (“**Huaxia Bank**”) has brought a claim against SJA I in the sum of approximately RMB69 million (inclusive of interests accrued, legal costs and other costs and expenses) (the “**Huaxia Bank RMB69 million Proceeding**”). The Huaxia Bank RMB69 million Proceeding was heard by the Shenyang Intermediate People’s Court on 4th March, 2022. At the request of Huaxia Bank, a court order has been issued by the Shenyang Intermediate People’s Court to freeze deposits of SJA I deposited with Industrial Bank in the aggregate amount of RMB199,619,271.44 (the “**Huaxia Bank Freezing Order**”). As a result of the Huaxia Bank Freezing Order, an amount of RMB199,619,271.44 had been frozen by Industrial Bank from 22nd February, 2022 for a period of 12 months or until the Huaxia Bank Freezing Order has been discharged. On 3rd August, 2022, the Shenyang Intermediate People’s Court issued its judgment in relation to the Huaxia Bank RMB69 million Proceeding (the “**Huaxia Bank RMB69 million Proceeding Trial Judgment**”). The Huaxia Bank RMB69 million Proceeding Trial Judgment stipulates that SJA I shall be liable for (i) up to 50% of RMB68,477,143.79, being the principal amount of the loan, which cannot be discharged by Huachen; and (ii) RMB192,092.50, being approximately 50% of the case acceptance fee.
- (x) Huaxia Bank has brought a claim against SJA I in the sum of approximately RMB130 million (inclusive of interests accrued, legal costs and other costs and expenses) (the “**Huaxia Bank RMB130 million Proceeding**”). The Huaxia Bank RMB130 million Proceeding was heard by the Shenyang Intermediate People’s Court on 19th July, 2022. On 4th August, 2022, the Shenyang Intermediate People’s Court issued its judgment in relation to the Huaxia Bank RMB130 million Proceeding (the “**Huaxia Bank RMB130 million Proceeding Trial Judgment**”). The Huaxia Bank RMB130 million Proceeding Trial Judgment stipulates that SJA I shall be liable for (i) up to 50% of RMB129,561,718.84, being the principal amount of the loan, which cannot be discharged by Huachen; and (ii) RMB344,780, being approximately 50% of the case acceptance fee. Huaxia Bank has filed an appeal to the Liaoning High People’s Court in relation to the Huaxia Bank RMB130 million Proceeding Trial Judgment.

For further details on the above litigations, please refer to the announcements issued by the Company dated 14th April, 2021, 10th June, 2021, 30th September, 2021, 15th December, 2021, 30th December, 2021, 14th February, 2022, 4th March, 2022, 30th March, 2022, 28th April, 2022 and 30th June, 2022. The Company will inform the shareholders and potential investors of the Company of material progress of the legal proceedings when appropriate.

UPDATE ON RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the SEHK was suspended with effect since 31st March, 2021. SEHK imposed on 27th May, 2021 and 9th February, 2022, eight resumption guidance to the Company (the “**Resumption Guidance**”), details of which are as follows:

- (i) conduct an appropriate independent investigation into the Audit Issues (as defined in the Company’s announcement dated 31st May, 2021), announce the investigation findings, assess and announce the impact on the Company’s business operation and financial position and take appropriate remedial actions;
- (ii) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (iii) demonstrate that there is no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company’s management and operations, which may pose a risk to investors and damage market confidence;
- (iv) demonstrate that the directors of the Company meet a standard of competence commensurate with their position as directors of a listed issuer and fulfill duties of skill, care and diligence as required under Rules 3.08 and 3.09 of the Listing Rules;
- (v) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet obligations under the Listing Rules;
- (vi) demonstrate compliance with Rule 13.24 of the Listing Rules;
- (vii) inform the market of all material information for the Company’s shareholders and investors to appraise the Company’s position; and
- (viii) conduct an independent forensic investigation with a view to identifying all unauthorised financial assistance made by the Group (including the Additional Fund Transfers (as defined in the Company’s announcement dated 14th February, 2022)) since 2019, announce the investigation findings, assess and announce the impact on the Company’s financial and operation position, and take appropriate remedial actions.

Fulfillment of Resumption Guidance

In relation to Resumption Guidance (i) and (viii), the Independent Investigation and the Independent Forensic Investigation have been completed in November 2021 and August 2022, respectively, and appropriate announcements with regard to the Independent Investigation and the Independent Forensic Investigation have been published by the Company on 16th November, 2021 and 19th August, 2022, respectively.

In relation to Resumption Guidance (ii), the Company has published its results for the year ended 31st December, 2020 and results for the six months ended 30th June, 2021 on 29th July, 2022 and results for the year ended 31st December, 2021 on 26th August, 2022. The Company has published all outstanding financial results.

In relation to Resumption Guidance (v), reviews on the internal control system and procedures of the Group (the “**Internal Control Reviews**”) have been completed in December 2021 and August 2022, respectively, and appropriate announcements with regard to the Internal Control Reviews have been published by the Company on 23rd December, 2021 and 19th August, 2022, respectively.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30th June, 2022.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors, each director of the Company has confirmed that he has complied with the standards set out in the Model Code during the six months ended 30th June, 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving and maintaining the highest standards of corporate governance consistent with the needs and requirements of the business and its shareholders, and consistent with the “Corporate Governance Code” set out in Appendix 14 to the Listing Rules (the “**CG Code**”). Throughout the six months ended 30th June, 2022, the Group has complied with all code provisions in the CG Code except for the followings:

- Due to the delay in the publication of the 2021 annual results, the Company is unable to provide accurate monthly updates of the Company to all members of the board of directors of the Company pursuant to code provision D.1.2 of the CG Code.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the unaudited consolidated interim financial statements of the Group for the six months ended 30th June, 2022.

At present, the audit committee comprises Mr. Jiang Bo, Mr. Song Jian and Mr. Dong Yang, all of whom are independent non-executive directors of the Company. Mr. Jiang Bo is the chairman of the audit committee.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises four executive directors, Mr. Wu Xiao An (also known as Mr. Ng Siu On) (*Chairman*), Mr. Shen Tie Dong (*Chief Executive Officer*), Mr. Zhang Wei and Mr. Sun Baowei; and three independent non-executive directors, Mr. Song Jian, Mr. Jiang Bo and Mr. Dong Yang.

By Order of the Board
Brilliance China Automotive Holdings Limited
Wu Xiao An
(also known as Ng Siu On)
Chairman

Hong Kong, 7th September, 2022