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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 RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2023

The board of directors (the “Board”) of Brilliance China Automotive Holdings Limited (the “Company”) announces the consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31st December, 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st December,

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

	Note	2023 RMB'000	2022 RMB'000
Revenue	3	1,121,454	1,130,725
Cost of sales		(832,975)	(895,153)
Gross profit		288,479	235,572
Other income		39,821	139,593
Interest income		670,174	416,323
Selling expenses		(45,252)	(33,930)
General and administrative expenses		(432,269)	(437,802)
Net expected credit loss (“ECL”) allowance on loans and receivables		(53,227)	(475,748)
Finance costs		(1,744)	(12,927)
Share of results of:			
A joint venture		–	2,379,782
Associates		7,796,829	6,543,795
		8,262,811	8,754,658

* For identification purposes only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)*For the year ended 31st December,**(Expressed in thousands of RMB except for earnings per share amounts)*

	Note	2023 RMB'000	2022 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)
Gain on deconsolidation of subsidiaries		–	779,278
Profit before income tax (expense) credit	4	8,262,811	7,142,772
Income tax (expense) credit	5	(526,360)	4,058
Profit for the year		7,736,451	7,146,830
Attributable to:			
Equity holders of the Company		7,734,993	7,146,895
Non-controlling interests		1,458	(65)
		7,736,451	7,146,830
Earnings per share	6		
– Basic		RMB1.53312	RMB1.41655
– Diluted		RMB1.53312	RMB1.41655

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December,

	2023 RMB'000	2022 RMB'000
Profit for the year	7,736,451	7,146,830
Other comprehensive income (expense) that will be subsequently reclassified to consolidated statement of profit or loss, net of tax		
Share of other comprehensive income of a joint venture	–	747,009
Share of other comprehensive income of associates	563,920	517,516
Fair value (loss) gain on notes receivable at fair value through other comprehensive income (“FVOCI”)	(206)	322
	563,714	1,264,847
Other comprehensive (expense) income that will not be subsequently reclassified to consolidated statement of profit or loss, net of tax		
Change in fair value of equity investments	(4,015)	461
Total comprehensive income for the year	8,296,150	8,412,138
Attributable to:		
Equity holders of the Company	8,294,692	8,412,203
Non-controlling interests	1,458	(65)
	8,296,150	8,412,138

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December,

	Note	2023 RMB'000	2022 RMB'000
Non-current assets			
Intangible assets		32,084	37,935
Property, plant and equipment		401,627	444,185
Land lease prepayments		73,911	76,029
Interests in associates		16,690,022	19,727,942
Equity investments		5,909	9,924
Long-term loan receivables		2,237,756	1,314,172
Prepayment for investment		282,557	–
Other non-current assets		128,074	87,832
Total non-current assets		19,851,940	21,698,019
Current assets			
Cash and cash equivalents		30,845,795	28,463,276
Statutory deposit reserves at central bank		57,500	32,500
Pledged and restricted short-term bank deposits	7	2,500,975	3,461,922
Inventories		127,438	185,201
Accounts receivable	8	344,050	282,075
Notes receivable		99,918	94,470
Short-term loan receivables		1,192,100	1,109,779
Other current assets		134,904	99,362
Total current assets		35,302,680	33,728,585
Current liabilities			
Accounts payable	9	297,280	366,829
Notes payable		219,330	170,149
Other current liabilities		264,670	292,322
Short-term bank borrowings		924,500	350,000
Long-term bank borrowings due within one year		–	7,500
Income tax payable		2,940	10,337
Provision for loss on unauthorised guarantees	11	1,469,944	1,917,062
Total current liabilities		3,178,664	3,114,199
Net current assets		32,124,016	30,614,386
Total assets less current liabilities		51,975,956	52,312,405

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at 31st December,*

	2023	2022
	RMB'000	RMB'000
Non-current liabilities		
Other non-current liabilities	84,821	95,578
NET ASSETS	51,891,135	52,216,827
Capital and reserves		
Share capital	397,176	397,176
Reserves	50,720,928	51,048,078
Total equity attributable to equity holders of the Company	51,118,104	51,445,254
Non-controlling interests	773,031	771,573
TOTAL EQUITY	51,891,135	52,216,827

NOTES:

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda on 9th June, 1992 with limited liability. The Company's shares are traded on the main board of The Stock Exchange of Hong Kong Limited (the "SEHK"). The address of the registered office of the Company is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The principal place of business of the subsidiaries are in the People's Republic of China (the "PRC").

The directors of the Company considered Huachen Automotive Group Holdings Company Limited ("Huachen") and its wholly-owned subsidiary, Liaoning Xinrui Automotive Industry Development Co., Ltd. ("Liaoning Xinrui"), which held 30.43% equity interest of the Company were the controlling shareholders of the Company as at 31st December, 2023. For details, please refer to sub-section headed "Restructuring of Huachen" of this announcement.

The Company is an investment holding company. The principal activities of the Group are the manufacture and sale of BMW vehicles in 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").

2. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), collective terms of which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and the accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules").

These consolidated financial statements have been prepared on the basis consistent with the accounting policies adopted in the 2022 financial statements, except for the adoption for the first time the following new and amended HKFRSs (collectively "New and Amended HKFRSs") issued by the HKICPA, which are relevant to and effective for the annual consolidated financial statements for the annual period beginning on or after 1st January, 2023.

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKFRS 17	Insurance Contracts with related amendments
Amendments to HKAS 12	International Tax Reform – Pilar Two Model Rules

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(a) Statement of compliance (Continued)

The impact of the adoption of the New and Amended HKFRSs are discussed below in note (b). Other than as noted below, the adoption of the New and Amended HKFRSs have no material impact on the Group's consolidated financial statements.

(b) Adoption of New and Amended HKFRSs

(i) *Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"*

The Group has adopted the amendments to HKAS 1 for the first time in the current year. The amendments change the requirements in HKAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in HKAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

(ii) *Amendments to HKAS 8 "Definition of Accounting Estimates"*

The Group has adopted the amendments to HKAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

(iii) *Amendments to HKAS 12 "International Tax Reform – Pillar Two Model Rules"*

The Group has adopted the amendments to HKAS 12 for the first time in the current year. The HKICPA amends the scope of HKAS 12 to clarify that the standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in HKAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(c) New HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism

The Hong Kong SAR Government (the “**Government**”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) in June 2022, which will take effect on 1st May, 2025 (the “**Transition Date**”). The Amendment Ordinance abolishes the use of the accrued benefits derived from employers’ MPF contributions to offset LSP in respect of an employee’s service from the Transition Date (the “**Abolition**”). In addition, the last month’s salary immediately preceding the Transition Date is used to calculate the portion of the LSP in respect of the employment period before the Transition Date. In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” (“**the Guidance**”) that provides the accounting guidance relating to the offsetting mechanism and the Abolition of the mechanism.

By following the Guidance, the Group has changed its accounting policy in connection with its LSP obligations to reflect the substance of the abolition of the offsetting mechanism. Therefore, the Group ceased to apply the practical expedient and reattribute the deemed employee contributions to periods of service in the same manner as the gross LSP benefit by applying paragraph 93(a) of HKAS 19 Employee Benefits. This change in accounting policy upon the cessation in applying the practical expedient has resulted in a catch-up adjustment in profit or loss in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the period ended 31st December, 2022, with the corresponding adjustment to the comparative carrying amount of LSP liability. However, the amount of the catch-up profit or loss adjustment was immaterial and did not have any impact on the consolidated financial statements for the prior periods have been prepared and presented.

It also did not have a material impact on the company-level statements of financial position as at 31st December, 2022 and 31st December, 2023.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(d) Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is historical cost, except for financial instruments classified as finance assets which are measured at FVOCI and fair value through profit or loss.

(e) Future changes in HKFRSs

As at the date of authorisation of these consolidated financial statements, the HKICPA has issued certain new and amended HKFRSs which are relevant to the Group and not yet effective.

Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 21	Lack of Exchangeability ²

¹ Effective for annual periods beginning on or after 1st January, 2024

² Effective for annual periods beginning on or after 1st January, 2025

³ No mandatory effective date determined yet but available for adoption

The directors of the Group anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. The directors expect that the new and amended HKFRSs have no material impact on the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue earned during the year represents:

	2023 RMB'000	2022 RMB'000
Sale of automotive components, net of discounts and return	842,240	877,945
Interest and service charge income from provision of auto financing service, net of other indirect taxes	279,214	252,780
	1,121,454	1,130,725

Sale of automotive components are recognised at a point of time.

During the year, the Group had one largest customer with aggregate revenue of approximately RMB156,535,000 or 14% of the Group's revenue (2022: one largest customer with aggregate revenue of approximately RMB243,989,000 or 22% of the Group's revenue). Other than the largest customer, no other customer had aggregate revenue reaching or exceeding 10% of the Group's revenue during the year (2022: same).

Although the Group's products are primarily sold in the PRC, the Group also has sale to the overseas markets and the sales by location of customers are as follows:

	2023 RMB'000	2022 RMB'000
PRC	714,091	777,845
Other Asian countries	6,524	2,395
Latin America and Caribbean Sea	44,988	35,238
Europe	72,548	55,385
Others	4,089	7,082
	842,240	877,945

All interest and service charge income from provision of auto financing service is derived in the PRC.

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the directors and the chief operating decision makers for their decisions about resource allocation to the Group's business segments, which are determined by the Group's different brands of vehicles or different nature of business, and their respective performances.

3. REVENUE AND SEGMENT INFORMATION (Continued)

The Group has identified the following reportable segments:

- (1) the manufacture and sale of automotive components;
- (2) the manufacture and sale of BMW vehicles and components; and
- (3) the provision of auto financing services.

The measurement policies the Group adopts for reporting segment results under HKFRS 8 are the same as those used in its consolidated financial statements prepared under HKFRSs, except that the following items are not included in arriving at the segment results of the operating segments:

- expenses related to share-based payments;
- share of results of associates and a joint venture;
- results of deconsolidation of subsidiaries;
- results of disposal of partial interest in a joint venture and the respective tax;
- 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.

In addition, the operating results of the operating segments include completed segment results of the manufacture and sale of BMW vehicles and components, which are currently reported on the basis of the Group's share of equity interests in BBA and included in the consolidated financial statements prepared under HKFRSs.

Segment assets include all assets other than interests in associates, equity investments and prepayment for investment. 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 and are not allocated to a segment.

In addition, segment assets and segment liabilities include assets and liabilities of the "manufacture and sale of BMW vehicles and components" segment, which are currently reported on the basis of the Group's share of equity interests in BBA included in the consolidated financial statements prepared under HKFRSs.

All segment assets are located in the PRC.

3. REVENUE AND SEGMENT INFORMATION (Continued)

Operating segments – 2023

	Manufacture and sale of automotive components RMB'000	Manufacture and sale of BMW vehicles and components RMB'000	Provision of auto financing service RMB'000	Reconciliation to the Group's consolidated statement of profit or loss and intersegment elimination RMB'000	Total RMB'000
Segment sales	842,240	253,484,512	279,214	(253,484,512)	1,121,454
Segment results	(13,924)	41,218,766	4,730	(41,186,101)	23,471
Unallocated costs net of unallocated income					(225,919)
Interest income					670,174
Finance costs					(1,744)
Share of results of associates	2,527	7,794,302	-	-	7,796,829
Profit before income tax expense					8,262,811

3. REVENUE AND SEGMENT INFORMATION (Continued)

Operating segments – 2022

	Manufacture and sale of automotive components RMB'000	Manufacture and sale of BMW vehicles and components RMB'000	Provision of auto financing service RMB'000	Reconciliation to the Group's consolidated statement of profit or loss and intersegment elimination RMB'000	Total RMB'000
Segment sales	877,945	235,589,367	252,780	(235,589,367)	1,130,725
Segment results	(517,628)	40,996,364	678	(40,965,075)	(485,661)
Unallocated costs net of unallocated income					(86,654)
Interest income					416,323
Finance costs					(12,927)
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)
Gain on deconsolidation of subsidiaries	779,278	-	-	-	779,278
Share of results of:					
A joint venture	-	2,379,782	-	-	2,379,782
Associates	(29,770)	6,573,565	-	-	6,543,795
Profit before income tax credit					7,142,772

3. REVENUE AND SEGMENT INFORMATION (Continued)

Operating segments - 2023

	Manufacture and sale of automotive components RMB'000	Manufacture and sale of BMW vehicles and components RMB'000	Provision for auto financing service RMB'000	Reconciliation to the Group's consolidated statement of financial position and intersegment elimination RMB'000	Total RMB'000
Segment assets	35,270,836	159,021,777	3,833,968	(160,173,716)	37,952,865
Interests in associates	918,534	15,771,488	-	-	16,690,022
Prepayment for investment					282,557
Equity investments					5,909
Unallocated assets					223,267
Total assets					55,154,620
Segment liabilities	2,287,997	95,935,823	2,116,121	(97,087,763)	3,252,178
Unallocated liabilities					11,307
Total liabilities					3,263,485
Other disclosures:					
Capital expenditures					
- Owned assets	19,351	13,444,559	6,443	(13,444,559)	25,794
- Right-of-use assets	1,910	278,798	11,778	(278,798)	13,688
Depreciation of property, plant and equipment					
- Owned assets	50,107	6,199,158	786	(6,199,158)	50,893
- Right-of-use assets	17,197	397,815	4,230	(397,815)	21,427
Amortisation of land lease prepayments					
	2,118	83,033	-	(83,033)	2,118
Amortisation of intangible assets					
	2,376	228,663	7,797	(228,663)	10,173
Provision for inventories					
	21,307	2,979,620	-	(2,979,620)	21,307
Reversal of provision for inventories sold					
	1,341	1,648,580	-	(1,648,580)	1,341
Net provision of ECL allowance					
	3,586	-	49,641	-	53,227
Impairment losses on assets					
	-	-	-	-	-
Income tax expense					
	49,270	10,041,559	1,090	(9,565,559)	526,360

3. REVENUE AND SEGMENT INFORMATION (Continued)

Operating segments – 2022

	Manufacture and sale of automotive components RMB'000	Manufacture and sale of BMW vehicles and components RMB'000	Provision for auto financing service RMB'000	Reconciliation to the Group's consolidated statement of financial position and intersegment elimination RMB'000	Total RMB'000
Segment assets	33,548,673	164,927,049	2,754,914	(165,578,702)	35,651,934
Interests in associates	937,002	18,790,940	–	–	19,727,942
Equity investments					9,924
Unallocated assets					36,804
Total assets					55,426,604
Segment liabilities	2,809,915	89,763,288	1,040,306	(90,414,941)	3,198,568
Unallocated liabilities					11,209
Total liabilities					3,209,777
Other disclosures:					
Capital expenditures					
– Owned assets	28,694	21,064,875	5,178	(21,064,875)	33,872
– Right-of-use assets	13,491	1,380,060	116	(1,380,060)	13,607
Depreciation of property, plant and equipment					
– Owned assets	52,945	5,418,520	993	(5,418,520)	53,938
– Right-of-use assets	16,546	336,569	4,573	(336,569)	21,119
Amortisation of land lease prepayments	2,118	82,112	–	(82,112)	2,118
Amortisation of intangible assets	2,269	180,726	7,027	(180,726)	9,296
Provision for inventories	5,250	1,735,498	–	(1,735,498)	5,250
Reversal of provision for inventories sold	1,168	943,243	–	(943,243)	1,168
Net provision (reversal) of ECL allowance	451,999	(500,000)	23,749	500,000	475,748
Impairment losses on assets	4	–	–	–	4
Income tax (credit) expense	(4,690)	9,942,539	632	(9,942,539)	(4,058)

4. PROFIT BEFORE INCOME TAX (EXPENSE) CREDIT

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

	2023 RMB'000	2022 RMB'000
Charging:		
ECL allowance on:		
– Accounts receivable	422	5,624
– Accounts receivable from affiliated companies	3,616	–
– Loan receivables	49,641	23,393
– Other receivables grouped under current assets	–	46,664
– Amounts due from affiliated companies	213	405,191
– Dividend receivable from an affiliated company	–	53
Impairment losses on assets:		
– Owned intangible assets (b)	–	4
Staff costs (including directors' emoluments)	238,119	341,675
Amortisation of intangible assets (a)	10,173	9,296
Amortisation of land lease prepayments	2,118	2,118
Loss on disposal of property, plant and equipment:		
– Owned assets	3,641	12,668
– Right-of-use assets	897	176
Depreciation of property, plant and equipment:		
– Owned assets	50,893	53,938
– Right-of-use assets	21,427	21,119
Cost of inventories	743,421	808,517
Cost of provision for auto financing service	69,859	82,554
Exchange loss, net (b)	165,546	–
Provision for inventories	21,037	5,250
Auditors' remuneration (b)	3,008	2,499
Research and development costs (b)	31,590	19,078
Warranty provision	2,223	1,378
Lease charges:		
– Short-term leases with lease terms of 12 months or shorter	4,837	6,178
– Low value items	145	15
Crediting:		
Exchange gain, net (b)	–	4,848
Reversal of provision for inventories sold	1,341	1,168
Rental income from land and buildings	1,060	1,031
Reversal of ECL allowance on:		
– Accounts receivable from affiliated companies	–	5,084
– Dividend receivable from an affiliated company	619	–
– Other receivables grouped under:		
– Current assets	41	–
– Non-current assets	5	93

(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.

5. INCOME TAX EXPENSE (CREDIT)

The income tax expense (credit) recognised in the consolidated statement of profit or loss represents:

	2023 RMB'000	2022 RMB'000
<i>Current tax</i>		
PRC corporate income tax		
– Current year	1,216	2,162
– Under (Over) provision in prior years	49,144	(6,220)
PRC withholding tax on dividend	476,000	–
Total income tax expense (credit)	526,360	(4,058)

(a) Bermuda tax

The Company was incorporated under the laws of Bermuda and has received an undertaking from the Ministry of Finance in Bermuda pursuant to the provisions of the Exempted Undertakings Tax Protection Act, 1966, which exempts the Company and its shareholders, other than shareholders ordinarily residing in Bermuda, from any Bermuda taxes computed on profit, income or any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, at least until year 2035.

(b) Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year (2022: nil).

(c) PRC corporate income tax

The Group's subsidiaries incorporated in the PRC are subject to Corporate Income Tax. Under the PRC Corporate Income Tax Law and the respective regulations, the Corporate Income Tax for the subsidiaries, except Mianyang Ruian, is calculated at 25% on their estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

Mianyang Ruian received official designation by the local tax authority as a foreign-invested enterprise engaged in manufacturing activities and was also designated as an entity under “the encouraged industries under Catalogue for the Guidance of Foreign Investment Industries” and with its location in the Western region of the PRC, the applicable income tax rate for Mianyang Ruian is 15%.

With effect from 1st January, 2008, all profits of the PRC subsidiaries arising since that date that are distributed and remitted as dividend to the overseas parents are subject to 5% or 10% withholding tax on the amount remitted. For the profits generated by the Group's subsidiaries in the PRC, it is the intention of the management that the Group would reinvest these profits in the respective subsidiaries and therefore withholding tax would not be applicable for those profits. Accordingly, no deferred tax is recognised in respect of this withholding tax on profits of these PRC subsidiaries.

5. INCOME TAX EXPENSE (CREDIT) (Continued)

Reconciliation between tax expense (credit) and accounting profit using the weighted average taxation rate of the companies within the Group is as follows:

	2023 RMB'000	2022 RMB'000
Profit before income tax expense (credit)	8,262,811	7,142,772
Calculated at a weighted average statutory taxation rate in the PRC of 25.67% (2022: 25.31%)	2,120,774	1,807,577
Effect of tax holiday	(2,291)	(1,077)
Tax effect of non-taxable income	(163,194)	(132,786)
Tax effect of non-deductible expenses	2,330	15,977
Profits attributable to a joint venture	-	(594,945)
Gain on deconsolidation of subsidiaries	-	(194,820)
Gain on disposal of partial equity interest of a joint venture net of other taxes related to the disposal	-	597,791
Profits attributable to associates	(1,949,207)	(1,635,949)
PRC withholding tax on dividend	476,000	-
Unrecognised temporary differences	(228,878)	(482,376)
Unrecognised tax losses net of utilisation of previously unrecognised tax losses	221,682	622,770
Under (Over) provision in prior years	49,144	(6,220)
Tax expense (credit) for the year	526,360	(4,058)

6. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company of approximately RMB7,734,993,000 (2022: approximately RMB7,146,895,000) by the weighted average number of ordinary shares of 5,045,269,000 shares (2022: 5,045,269,000 shares).

Diluted earnings per share is the same as basic earnings per share for the year ended 31st December, 2023 (2022: same) as there was no potential dilutive ordinary share in issue during the year (2022: same).

7. PLEDGED AND RESTRICTED SHORT-TERM BANK DEPOSITS

Details of pledged and restricted short-term bank deposits as at 31st December, 2023 are as follows:

	2023 RMB'000	2022 RMB'000
Restricted short-term deposits (Note i)	2,324,385	3,328,387
Pledged short-term deposits for bank guaranteed notes issued by the Group (Note ii)	176,590	133,535
	2,500,975	3,461,922

Note i: As detailed in note 11 of this announcement, in 2023, the Group made settlements of approximately RMB447,118,000 for certain lawsuits in respect of unauthorised guarantees directly out of the restricted short-term deposits by the PRC courts. After the settlements, the respective restricted short-term deposits of approximately RMB554,735,000 were released and reduced to approximately RMB2,324,385,000 (2022: approximately RMB3,326,238,000).

At 31st December, 2022, approximately RMB900,000 were also restricted by the courts in the PRC for settlements of claims by creditors for payment disputes of purchases of goods and capital assets against the Group upon the final court judgements. Such restriction was released during the year.

The directors of the Company have assessed the respective liabilities and adequate provision and liabilities have been recognised in the consolidated financial statements. The directors of the Company considered the respective provision and liabilities are adequate.

Note ii: As at 31st December, 2023, in addition to short-term deposits pledged, the Group had also pledged bank guaranteed notes receivable from third parties and related parties of approximately RMB33.2 million (2022: approximately RMB37.4 million) to secure the issue of bank guaranteed notes.

8. ACCOUNTS RECEIVABLE

	2023 RMB'000	2022 RMB'000
Accounts receivable	341,626	279,469
Accounts receivable from affiliated companies	2,424	2,606
	344,050	282,075

8. ACCOUNTS RECEIVABLE (Continued)

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

	2023 RMB'000	2022 RMB'000
Less than six months	344,840	284,736
Six months to one year	1,863	397
Above one year to two years	485	2,896
Above two years but less than five years	18,721	19,081
Five years or above	17,957	18,521
	383,866	325,631
Less: ECL allowance	(42,240)	(46,162)
	341,626	279,469

As at 31st December, 2023, accounts receivable from third parties of approximately RMB14 million (2022: approximately RMB10 million) are substantially denominated in U.S. Dollar or Euro and the rest are denominated in Renminbi. In order to minimise credit risk, credit history and background of new customers and debtors are checked. Credit limits with credit terms of 30 to 90 days are set for customers. Customers considered to be high risk are traded on cash basis or upon receipt of bank guaranteed notes. Designated staff monitors accounts receivable and follow-up collection with customers.

9. ACCOUNTS PAYABLE

	2023 RMB'000	2022 RMB'000
Accounts payable	283,622	344,178
Accounts payable to affiliated companies	13,658	22,651
	297,280	366,829

(a) An aging analysis of accounts payable based on the invoice date is set out below:

	2023 RMB'000	2022 RMB'000
Less than six months	201,158	262,352
Six months to one year	11,073	10,937
Above one year but less than two years	17,142	45,484
Two years or above	54,249	25,405
	283,622	344,178

Accounts payable with balances denominated in currencies other than Renminbi are considered not significant. All these amounts are payable within one year.

10. DIVIDENDS

	2023 RMB'000	2022 RMB'000
Special dividend of HK\$0.96 per share	4,178,452	–
Special dividend of HK\$0.96 per share	4,443,390	–
	8,621,842	–

On 13th January, 2023, the Company declared a special dividend of HK\$0.96 per share (2022: nil) totalling HK\$4,843,458,000.

On 18th July, 2023, the Company further declared another special dividend of HK\$0.96 per share (2022: nil) totalling HK\$4,843,458,000.

The directors of the Company did not recommend any dividend payment at the Board meeting held on 28th March, 2024 in respect of the Group's results for the year ended 31st December, 2023 (2022: nil).

11. PROVISION FOR LOSS ON UNAUTHORISED GUARANTEES

	2023 RMB'000	2022 RMB'000
As at 1st January, Settlements	1,917,062 (447,118)	1,917,062 –
As at 31st December,	1,469,944	1,917,062

The provision for loss on unauthorised guarantees represents the provision for the estimated loss from the unauthorised guarantees provided by Shenyang JinBei Automotive Industry Holdings Co., Ltd. ("SJAI"), a subsidiary of the Group, to four creditors banks for the bank borrowings of Huachen after its default on repayment.

Based on the court judgements, SJAI has to bear 50% of the bank borrowings under the unauthorised guarantees that have been utilised but cannot be finally settled by Huachen. Although the administrator of the restructuring of Huachen has announced the restructuring plan of Huachen, it is still uncertain as to the final respective bank borrowings under these unauthorised guarantee Huachen is able to settle. Accordingly, the Group recognised the provision of RMB1,917,062,000 for the respective losses which is 50% of the bank facilities utilised under these unauthorised guarantees plus the respective legal costs.

During the year, the courts demanded a total amount of RMB447,118,000 for settlements to three out of the four creditors banks.

OVERVIEW AND PROSPECTS

The Chinese economy gradually recovered in 2023 post COVID-19, and China's GDP grew 5.2% for the full year. According to the China Association of Automobile Manufacturers, total vehicle production and sales in China increased by 11.6% to 30.1 million units and 12.0% to 30.1 million units, respectively, in 2023, which ranked the largest in the world for 15 consecutive years and resulted in the 1st peak of sales since 2014. Sales of passenger cars increased by 10.6% to 26.1 million units. Sales of new energy vehicles ("NEVs") (including battery electric vehicles ("BEVs"), plug-in hybrid electric vehicles, and also fuel cell vehicles) increased significantly to 9.5 million units, up 37.9% from 2022. Premium passenger vehicle sales continued to grow at 15.4% to 4.5 million units, outperforming the overall market. The OEMs' promotion and the state government's support policies drove the strong performance of premium passenger vehicle sales.

In spite of various external uncertainties and fierce market competition in 2023, BBA continued to deliver remarkable results for the year and participated in the long-term growth story of China. With the strong dedication of the teams and working closely with other entities of the BMW Group, BBA continued its strong momentum in meeting customer demands. BBA is also continuously expanding its supplier network in China and consistently implementing its "local for local" approach. In addition, BBA's dealer network nationwide reached more than 740 outlets in mainland China. As of the end of 2023, the joint venture had 26,000 employees. It has been the highest taxpayer in Shenyang for the past 18 years and Liaoning Province for the past 8 years.

In 2023, BBA reached another major corporate milestone and celebrated its 20th anniversary with a total production volume of around 728,000 BMW cars last year. BBA also began production of the all-new BMW X1 and the first-ever BMW iX1 and launched the new generation BMW 5 Series and the first-ever i5 in China in early 2024.

BBA is committed to becoming the leader in premium e-automobile in China. As an integrated part of BMW Group, BBA is dedicated to exploring new technologies and accelerating digital transformation. Ling Yue Digital Information Technology Company Limited, a wholly-owned subsidiary of BBA, provides services, including data solutions, digital solutions, customer relationship management, e-commerce, and IT development and operations for BBA and BMW entities in China. Its core competencies have enhanced customer interaction and satisfaction (around 10 million registered users of *My BMW App* as of February 2024), acted as a customer relationship management tool, identified sales leads, and drove e-commerce transactions.

In 2023, Ningbo Yumin accelerated the pace of product transformation and upgraded with increased investment in emerging businesses and product research and development, which affected its profitability. Ningbo Yumin has established relationships with three new customers and has undertaken 21 new projects. New businesses have increased by 5% annually, and multiple innovative products have been developed. Ningbo Yumin has been awarded the Zhejiang Province Postdoctoral Workstation Enterprise and Provincial Enterprise Technology Research Institute titles during the year.

Mianyang Ruian, another wholly-owned subsidiary of the Company, continues to engage in the research and manufacturing of camshafts for gasoline and electric vehicle engines. In 2023, Mianyang Ruian continued to achieve growth in sales in the unfavorable business environment of declining traditional fuel vehicles and fierce competition for its camshafts production. In 2023, Mianyang Ruian achieved sales of 700,000 units of its combination camshaft to Li Auto. During the year, Mianyang Ruian officially became a supplier of BYD and actively participated in biddings to supply to BYD. The R&D project for the new product resin balance shaft has completed the technical solution for resin gears, and the relevant key technologies for resin gears are still being verified.

Renault Brilliance Jinbei Automotive Company Limited (“**RBJAC**”) which carried out our minibus and light commercial vehicles (“**LCVs**”) business has applied to 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**”) on 30th December, 2021 for restructuring. On 23rd May, 2023, the Shenyang Intermediate People’s Court ruled to approve the restructuring plan and complete the restructuring procedures with an execution period of 12 months. In 2024, RBJAC will start the debt repayment procedure according to the restructuring plan and prepare for resuming work and production. The Board is evaluating various strategic options for RBJAC from an operational perspective.

In 2023, BBAFC, our auto finance subsidiary in China successfully completed two batches of green and carbon neutral syndication loans which paved the way for more stable and diversified funding sources by contributing towards the social responsibilities. Further, the completion of the Huachen restructuring process will provide positive momentum for BBAFC, by improving the market reputation with bank partners, OEM co-operators as well as customers. However, the growing concerns around the global economic development and fierce competition between key OEM brands have led to increasing acquisition costs as well as the need for stricter risk controls. These challenging aspects will potentially affect the auto financing industry through reducing sales volumes, shrinking margins, and increasing credit risks. BBAFC is formulating measures to offset these market challenges, which include the selective expansion of co-operation partnerships with key brands as well as creative refinancing channels, whilst implementing solid and robust risk control measures.

During the year, the Board had resolved to declare two special dividends each for an amount of HK\$0.96 per ordinary share of the Company out of the proceeds from the disposal of its 25% interest in BBA. With China’s ambition to continue supporting the automobile industry, the Board is optimistic about the performance of our group companies. In addition, the Board will continue to identify suitable strategic investments, primarily within the automobile industry value chain, which could generate sustainable business growth for the Group.

BUSINESS DISCUSSION & ANALYSIS

The consolidated revenues of the Group (which comprised primarily net sales derived from the businesses operated by our major operating subsidiaries including Ningbo Yumin, Mianyang Ruian and BBAFC) for the year ended 31st December, 2023 was RMB1,121.5 million, representing a slight decrease of 0.8% from the RMB1,130.7 million generated during the year ended 31st December, 2022. The decrease in revenue was due to the continuing fall in demand for the Group’s motor vehicle components from traditional fossil-fueled motor vehicles, but being offset by the increasing demand from electric and hybrid motor vehicle manufacturers. Apart from this, the revenue contribution from BBAFC also increased in the second half of 2023 as a result of high demand of motor vehicle financing market.

Cost of sales decreased by 6.9% from RMB895.2 million in 2022 to RMB833.0 million in 2023. The gross profit of the Group increased by 22.5% from RMB235.6 million in 2022 to RMB288.5 million in 2023. Consequently, the gross profit margin of the Group improved to 25.7% in 2023 when compared to 20.8% in 2022. The improvement was mainly due to the decrease in the market price of the major raw material aluminum in 2023. In addition, the borrowing cost for BBAFC also decreased as a result of lowering interest rates for borrowing used for financing the auto financing service business in 2023.

Other income decreased by 71.5% from RMB139.6 million in 2022 to RMB39.8 million in 2023. The decrease was mainly due to the recognition of compensation income from the local government for the relocation of certain premises of a subsidiary in 2022 which did not occur in 2023.

Interest income increased by 61.0% from RMB416.3 million in 2022 to RMB670.2 million in 2023 due to the increase of average short-term deposits and cash and cash equivalents in 2023, as a result of the dividend income from BBA received in 2023.

Selling expenses increased by 33.6% from RMB33.9 million in 2022 to RMB45.3 million in 2023. The increase in selling expenses was mainly due to increase in costs to solicit and recruit new business. As a result, selling expenses as a percentage of revenue has increased from 3.0% in 2022 to 4.0% in 2023.

General and administrative expenses (excluding net ECL allowance on loans and receivables) decreased by 1.3% from RMB437.8 million in 2022 to RMB432.3 million in 2023. As a result, the general and administrative expenses as a percentage of revenue decreased from 38.7% in 2022 to 38.5% in 2023. The decrease was mainly due to professional fees incurred in 2022 in relation to the Group's unauthorised pledged deposits and guarantees and resumption of trading of the Company's shares, and employee compensation in 2022 for resizing certain subsidiaries. The decrease was partly offset by the exchange loss arising from the depreciation of Renminbi in 2023 for the special dividends distributed in Hong Kong Dollar.

Net ECL allowance on loans and receivables recognised in 2023 amounted to RMB53.2 million, a decrease of 88.8% from RMB475.7 million in 2022. The ECL allowance for 2022 was mainly provided for RBJAC after its deconsolidation from the Group whereas the ECL allowance for 2023 was mainly for loan receivables in respect of BBAFC.

Finance costs decreased by 86.8% from RMB12.9 million in 2022 to RMB1.7 million in 2023, mainly due to the decrease in interest on bank borrowings and the decrease in average bank borrowings which caused lower finance cost in 2023.

The Group did not recognise any share of results of joint venture in 2023 due to reclassification of BBA from a joint venture to an associate since February 2022 when the sale of 25% BBA equity interest to BMW Holding B.V. became effective. Starting from 11th February, 2022, BBA was treated as an associate of the Company. As a result, the Group's share of results of associates included the recognition of BBA contribution as the Group's associate over the full year 2023 as compared to approximately 10.5 months period in 2022, which led to an increase of the Group's share of results of associates by 19.1% from RMB6,543.8 million in 2022 to RMB7,796.8 million in 2023, with BBA's contribution no longer being recognised in any share of results of joint venture in 2023.

BBA achieved local sales of 709,954 units in 2023, an increase of 6.8% as compared to 664,934 BMW vehicles sold in 2022, with strong growth in the BEV segment benefitting from the rapid industry growth of NEVs in China. The local sales volumes of BBA by models are listed in the table below:

BMW Models	2023	2022	% Change
1-series	14,638	24,195	-39.5%
3-series	203,688	161,721	26.0%
5-series	142,322	173,977	-18.2%
X1	83,010	81,895	1.4%
X2	17,230	18,506	-6.9%
X3	155,343	146,407	6.1%
X5	93,723	58,233	60.9%
Total	709,954	664,934	6.8%
Of which BEVs	95,550	45,364	110.6%

In addition, BBA exported 33,931 units, mainly X3 BEV models, to overseas in 2023, an increase by 13.1% from 30,005 units sold overseas in 2022.

The Group did not recognise any gain on disposal of partial equity interest in a joint venture or the related tax on disposal in 2023, both of which resulted from the disposal of the 25% equity interest in BBA by the Group to BMW which became effective on 11th February, 2022.

The Group did not recognise any gain on deconsolidation of a subsidiary in 2023 which arose from the deconsolidation of RBJAC and Shenyang Brilliance Jindong Development Co., Ltd. from the Group's accounts in 2022.

The Group's profit before income tax increased by 15.7% from RMB7,142.8 million in 2022 to RMB8,262.8 million in 2023. Income tax expense was RMB526.4 million in 2023 which was mainly due to the withholding tax on dividend from a subsidiary for the year as compared to an income tax credit of RMB4.1 million in 2022.

As a result of the above, the Group recorded net profit attributable to equity holders of the Company of RMB7,735.0 million for the year 2023, representing an increase of 8.2% from the RMB7,146.9 million realised in 2022. Basic earnings per share in 2023 amounted to RMB1.53312, compared to RMB1.41655 in 2022. In addition, return on capital employed (as defined by the EBITDA ÷ average capital employed) for 2023 was 16.0%, compared to 15.5% for 2022.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2023, the Group had RMB30,845.8 million in cash and cash equivalents (As at 31st December, 2022: RMB28,463.3 million), RMB57.5 million in statutory deposit reserves at central bank (As at 31st December, 2022: RMB32.5 million), and RMB2,501.0 million in pledged and restricted short-term bank deposits (As at 31st December, 2022: RMB3,461.9 million).

As at 31st December, 2023, the Group had notes payable in the amount of RMB219.3 million (As at 31st December, 2022: RMB170.1 million).

As at 31st December, 2023, the Group had outstanding short-term bank borrowings of RMB924.5 million (As at 31st December, 2022: RMB350.0 million), and no long-term bank borrowings due within one year (As at 31st December, 2022: RMB7.5 million). As at 31st December, 2023, the Group did not have long-term bank borrowings due over one year (As at 31st December, 2022: nil).

All short-term bank borrowings as at 31st December, 2023 were due within one year, being repayable from 19th January, 2024 to 6th December, 2024 (As at 31st December, 2022: repayable from 6th January, 2023 to 20th December, 2023). As at 31st December, 2023, these borrowings were interest-bearing at rates ranging from 3.80% to 5.50% per annum, and were denominated in Renminbi (As at 31st December, 2022: 5.50% to 5.65% per annum, Renminbi).

There were no long-term bank borrowings as at 31st December, 2023. The long-term bank borrowings due within one year of RMB7.5 million as at 31st December, 2022 were repayable from 20th January, 2023 to 20th October, 2023. As at 31st December, 2022, these long-term bank borrowings were interest-bearing at rates ranging from 4.30% to 4.60% per annum, and were denominated in Renminbi.

With an aim to improving its liquidity, the Group regularly monitors its accounts receivable turnover and inventory turnover. For the year ended 31st December, 2023, the Group's accounts receivable turnover days was approximately 101 days, compared to approximately 94 days for 2022. Inventory turnover days was approximately 76 days in 2023, compared to approximately 88 days in 2022.

CAPITAL STRUCTURE AND FUNDING POLICIES

As at 31st December, 2023, the Group's total assets was approximately RMB55,154.6 million (As at 31st December, 2022: RMB55,426.6 million), which was funded by the following: (a) share capital of RMB397.2 million (As at 31st December, 2022: RMB397.2 million), (b) reserves of RMB50,720.9 million (As at 31st December, 2022: RMB51,048.1 million), (c) total liabilities of RMB3,263.5 million (As at 31st December, 2022: RMB3,209.8 million) and (d) contribution from non-controlling interests of RMB773.0 million (As at 31st December, 2022: RMB771.6 million).

As at 31st December, 2023, 99.3% (As at 31st December, 2022: 99.9%) 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 0.7% were denominated in other currencies (As at 31st December, 2022: 0.1%). Apart from the bank borrowings mentioned above, as at 31st December, 2023, the Group did not have 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

In 2023, the Group incurred capital expenditures of RMB39.5 million (2022: RMB47.5 million) mainly for acquisition of both owned and right-of-use assets of tools and moulds, machinery and equipment, and construction-in-progress as well as specialised software.

As at 31st December, 2023, the Group's contracted capital commitments amounted to RMB1,071.9 million (As at 31st December, 2022: RMB4.0 million), which were related to the capital expenditures in respect of acquisition of plant and machinery and investment into RBJAC.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

References are made to the announcements of the Company issued on 17th May, 2023 (the "**17th May Announcement**") and 25th May, 2023.

Subsequent to the approval of the Formal Restructuring Plan (as defined in the 17th May Announcement) by the Shenyang Intermediate People's Court on 23rd May, 2023, SJAI has provided (a) an initial portion of the Cash Contribution (as defined in the 17th May Announcement) amounted to around RMB282.6 million to the administrator of RBJAC (the "**RBJAC Administrator**") for settlement of employees and social security claims and tax claims of RBJAC, and (b) the remaining amount of the Cash Contribution amounted to around RMB1.05 billion to the RBJAC Administrator for settlement of unsettled amount of the Final RBJAC Indebtedness (as defined in the 17th May Announcement) subsequent to the receipt of detailed written request from the RBJAC Administrator. As announced, any unutilised amount of the Cash Contribution shall be returned to SJAI in accordance with the terms of the Restructuring Investment Agreement (as defined in the 17th May Announcement). Following completion of the restructuring of RBJAC (the "**RBJAC Restructuring**"), RBJAC will become a non-wholly owned subsidiary of the Company. The final effective interests owned by the Group in RBJAC is subject to the final amount of the Cash Contribution.

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 year ended 31st December, 2023.

NEW BUSINESS AND NEW PRODUCTS

The Company is devoted to capture valuable investment opportunities in order to enhance the Company's profitability and create value for its shareholders. The Company is in the course of studying and exploring various investment opportunities, including but not limited to cooperation with BMW with respect to supply of components for BMW vehicles, possible expansion into NEV manufacturing, components supply and digitalisation business, spanning across the entire value chain of the automotive industry.

BBA will continue to follow BMW's flexible production strategy and open approach to technology. On 20th February, 2023, a BMW i3 40L rolled off the production line of Plant Tiexi Lydia site, marking the cumulative production of 5 million cars at BMW Shenyang Production Base and the beginning of a new chapter in the BMW group's electrification journey. In 2024, BBA will roll off its six millionth car produced in China. Currently, BBA is moving quickly in preparation for the start of production of the "Neue Klasse" model in 2026.

As for RBJAC, with the approval of the formal restructuring plan, the Company believes that it is able to maintain its automobile manufacturing platform by leveraging the capability and resources of RBJAC and its existing qualification, with the aims to seek future cooperation with international and domestic automobile companies and to further strengthen the Company's position in the automobile market. Feasibility studies have been undertaken on the business prospect of RBJAC and the potential business opportunities of co-operation with strategic partners, especially in the NEV business segment.

The LCVs market has been making stable progress in recent years amid the development of the logistics sector, the emergence of new retail models, the growing market of NEVs and the favourable policies. RBJAC expects to grow the Jinbei brand to a renowned name of LCVs by enhancing its presence in the new energy LCVs market. Riding on the rising trend of electrification, RBJAC plans to develop new lines of electric vehicles, namely Haise (海獅) and Haise King (海獅王), and also pure electric medium-duty commercial vehicles based on market demand.

Looking forward, RBJAC will focus its development efforts on NEVs by working with its strategic partners to explore presence in the new energy commercial vehicle market and expand export opportunities. It expects to pursue mutual growth with its strategic partners on the Jinbei product platform in the field of new energy and jointly develop large commercial vehicle products with core competitiveness.

BBAFC new business is strategically focused on the NEV segment where it identifies the most significant opportunities. This highly competitive segment continues to expand, whilst undergoing its own internal restructure due to the significant inter-brand competitiveness. BBAFC is carefully making selective alignments with key globally recognised brands that will continue to be relevant to the future.

In addition, BBAFC is also expanding its finance product strategy away from the traditional 'own finance' and 'retail co-lending' products to also include 'assisted lending' which can further enhance its fee-based income stream. BBAFC strives to be regarded as the 'Green Finance' alternative for eco-friendly individual and business customers that support the social and economic strategy of mainland China.

Operationally, BBAFC continues to actively embrace online / digital solutions that support both customer and retailer convenience, with improved risk aversion and mitigation properties, whilst also maintaining the highest levels of customer centricity as accredited by the regular OEM and customer survey results.

Ningbo Yumin plans to further develop lightweight products related to aluminium alloys, such as bumper anti-collision beams, door sills, pedals, battery box shells and frames and mounting brackets.

Mianyang Ruian was awarded the strategic product project EN04 for NEVs of Great Wall Motor Company Limited (“Great Wall”) in 2023. This project will serve as the core product of Great Wall and will be equipped with a series of models such as Great Wall tanks. At the same time, it has been designated as a shift drum project for vehicles of Shanghai New Power Automotive Technology Co., Ltd. This product is a key component for the electrification of commercial vehicles. In terms of scientific research, Mianyang Ruian collaborated with Shanghai Jiao Tong University and SAIC Maxus Automotive Co., Ltd. to improve the camshaft profile and enhance the combustion efficiency of diesel engines, simultaneously launching the research and development of the robot reducer camshaft, and striving to break the monopoly of foreign enterprises. Till now, the trial production of samples has been completed.

EMPLOYEES, REMUNERATION POLICY AND TRAINING PROGRAMMES

The Group employed approximately 1,200 employees as at 31st December, 2023 (As at 31st December, 2022: approximately 1,300). Employee costs amounted to RMB238.1 million for the year ended 31st December, 2023 (For the year ended 31st December, 2022: RMB341.7 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 order to improve the overall quality and professional technical level of all employees, the Group provides online or offline trainings on, among other things, professional skills, quality enhancements, business and product knowledge, occupational ethics and safety, ESG issues, anti-corruption, rules and regulations, management skills, leadership and teamwork cooperation to its directors/employees from time to time. Ningbo Yumin and Mianyang Ruian have formulated and implemented administrative measures for education and training, and have established a set of training systems and workflows including new employee induction training, special post personnel training, management training, professional technical training and quality training. The course contents are extensive, covering basic/middle-level management, new product development, quality management, financial management, lean production, teamwork, and professionalism. Training demand research are conducted and training plans are formulated on an annual basis. BBAFC has specifically arranged compliance training, business training, new hire training, paired with online courses, meeting the learning needs of the employees. It has even developed its own online training platform, allowing its employees to browse training and financial product knowledge materials, reducing the travel needs for sales and training teams. BBAFC has also developed a succession plan which lays a solid foundation of talent for its long-term development.

CHARGE ON ASSETS

As at 31st December, 2023, short-term bank borrowings of RMB344.5 million (As at 31st December, 2022: RMB200.0 million) were secured by the Group’s loan receivables of approximately RMB443.7 million (As at 31st December, 2022: RMB249.5 million).

There were no long-term bank borrowings as at 31st December, 2023. The long-term bank borrowings due within one year of RMB7.5 million as at 31st December, 2022 were secured by the Group’s land lease prepayments with a net book value of approximately RMB28.1 million and buildings, plant and equipment with an aggregate net book value of approximately RMB35.4 million.

In addition, as at 31st December, 2023, the Group pledged short-term bank deposits in an aggregate amount of RMB176.6 million (As at 31st December, 2022: RMB133.5 million), and pledged bank guaranteed notes receivable from third parties and related parties of approximately RMB33.2 million (As at 31st December, 2022: approximately RMB37.4 million) to secure the issue of bank guaranteed notes. For details, please refer to note 7 to this announcement.

As at 31st December, 2023, the Group had restricted short-term bank deposits of approximately RMB2,324.4 million (As at 31st December, 2022: RMB3,328.4 million), all of which (As at 31st December, 2022: RMB3,326.2 million) were restricted by the courts in the PRC for potential amounts the Group may need to settle for the lawsuits underway in respect of the unauthorised guarantees as detailed in note 11 to this announcement.

The directors of the Company have assessed the respective liabilities and adequate provision and liabilities have been recognised in the consolidated financial statements. The directors of the Company considered the respective provision and liabilities are adequate.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR ADDITIONS OF CAPITAL ASSETS

Save as disclosed, the Group does not have future plans for material investments or additions of capital assets as at the date of this announcement.

GEARING RATIO

As at 31st December, 2023, the gearing ratio, computed by dividing total liabilities by total equity attributable to equity holders of the Company, was approximately 0.06 (As at 31st December, 2022: approximately 0.06). The gearing ratio remained stable for the year.

FOREIGN EXCHANGE RISKS

Due to the depreciation of Renminbi in the year, exchange loss was recognised for the distribution of special dividends denominated in Hong Kong Dollar in this year. Other than this, as the Group's substantial transactions during the year were denominated in Renminbi, the Group considers that exchange rate fluctuations do not have significant effect on the overall financial performance of the Group. The Group will continue to monitor transactions and monetary assets and liabilities denominated in foreign currencies to minimise foreign exchange risks. There were no outstanding hedging transactions as at 31st December, 2023 (As at 31st December, 2022: nil).

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 31st December, 2023.

DIVIDENDS

As announced by the Company, special dividends of HK\$0.96 per ordinary share of the Company were declared by the directors of the Company on 13th January, 2023 and 18th July, 2023, respectively. The respective special dividends were paid to the shareholders on 27th February, 2023 and 31st August, 2023.

The directors of the Company did not recommend any dividend payment at the Board meeting held on 28th March, 2024 in respect of the Group's 2023 annual results (2023: nil).

CLOSURE OF REGISTER OF MEMBERS

The Company's forthcoming annual general meeting will be held on Tuesday, 25th June, 2024 at 9:00 a.m. (the "2024 AGM"). The register of members of the Company will be closed from Wednesday, 19th June, 2024 to Tuesday, 25th June, 2024, both days inclusive, during which period no transfer of shares will be registered. The record date for the 2024 AGM is Wednesday, 19th June, 2024. Only shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 19th June, 2024 or their proxies or duly authorised corporate representatives are entitled to attend and vote at the 2024 AGM. In order to qualify for attending and voting at the 2024 AGM, all properly completed transfer forms accompanied by the relevant share

certificates must be lodged with the Company's branch registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m., Hong Kong time, on Tuesday, 18th June, 2024.

PROXY LODGMENT DEADLINE DATE AND TIME

Whether or not a shareholder is able to attend the 2024 AGM, he/she is requested to complete the proxy form in accordance with the instructions printed thereon and return it to the office of the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 9:00 a.m., Hong Kong time, on Sunday, 23rd June, 2024, or not less than 48 hours before the time appointed for holding of any adjourned meeting of the 2024 AGM. Completion and return of the form of proxy will not preclude shareholders of the Company from attending and voting in person at the 2024 AGM or any adjourned meeting thereof if they so wish and in such event, the form of proxy will be deemed to be revoked.

IMPORTANT EVENTS AFFECTING THE GROUP THAT HAVE OCCURRED SINCE THE END OF THE FINANCIAL YEAR

Save as disclosed below, to the knowledge of the directors of the Company, there is no other important event affecting the Group since the end of the financial year and up to the date of this announcement:

(a) RBJAC Restructuring

Reference is made to the 17th May Announcement.

Subsequent to the approval of the Formal Restructuring Plan (as defined in the 17th May Announcement) by the Shenyang Intermediate People's Court on 23rd May, 2023, SJAI has provided (a) an initial portion of the Cash Contribution (as defined in the 17th May Announcement) amounted to around RMB282.6 million to the RBJAC Administrator for settlement of employees and social security claims and tax claims of RBJAC, and (b) the remaining amount of the Cash Contribution amounted to around RMB1.05 billion to the RBJAC Administrator for settlement of unsettled amount of the Final RBJAC Indebtedness (as defined in the 17th May Announcement) subsequent to the receipt of detailed written request from the RBJAC Administrator. As announced, any unutilised amount of the Cash Contribution shall be returned to SJAI in accordance with the terms of the Restructuring Investment Agreement (as defined in the 17th May Announcement). Following completion of the RBJAC Restructuring, RBJAC will become a non-wholly owned subsidiary of the Company. The final effective interests owned by the Group in RBJAC is subject to the final amount of the Cash Contribution.

(b) Restructuring of Huachen

References are made to the announcements of the Company dated 13th March, 2024 and 15th March, 2024 in relation to, among others, the restructuring of Huachen.

The Company has been informed by Huachen that (i) Liaoning Xinrui has completed the disposal of 22,199,186 shares of the Company held by it through the system and facilities of the Stock Exchange on 12th March, 2024; and (ii) 100% of the equity interest in Huachen has been transferred to Shenyang Automobile Co., Ltd.* (瀋陽汽車有限公司) ("**Shenyang Automobile**") and the relevant industrial and commercial registration of changes has been completed on 15th March, 2024 (the "**Completion**"). Following Completion, Shenyang Automobile indirectly holds approximately 29.99% of the shares in the Company through Huachen and Liaoning Xinrui.

(c) Litigations against the Group

References are made to (i) 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, 30th June, 2022 and 30th September, 2022; (ii) the annual reports of the Company for the years ended 31st December, 2021 and 2022 (the “**Annual Reports**”); and (iii) the interim report of the Company for the six months ended 30th June, 2023. Capitalised terms used below shall have the same meaning as those defined in the Annual Reports.

In December 2023 and January 2024, the Supreme People’s Court of the People’s Republic of China (中華人民共和國最高人民法院) (the “**Supreme People’s Court**”) has delivered rulings rejecting the appeal applications filed by China Everbright Bank in relation to each of the CEB RMB1,818 million Proceeding Trial Judgment, the CEB RMB30 million Proceeding Trial Judgment, the CEB RMB156 million Proceeding Trial Judgment, the CEB RMB208 million Proceeding Trial Judgment and the CEB RMB490 million Proceeding Trial Judgment.

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 in 2023.

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 C3 to the Listing Rules. Having made specific enquiry of all directors, each director of the Company has confirmed that he/she has complied with the standards set out in the Model Code during the year ended 31st December, 2023.

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, ensuring that its affairs are conducted in accordance with applicable laws and regulations and consistent with the “Corporate Governance Code” set out in Appendix 14 to the Listing Rules which was prevailing in 2023 (the “**CG Code**”, renamed as Appendix C1 with effect from 31st December, 2023). The Group has considered the principles of good corporate governance set out in the CG Code, and has put in place corporate governance practices to meet the code provisions. Throughout the financial year ended 31st December, 2023, the Group has complied with all code provisions set out in Part 2 of Appendix 14 to the Listing Rules which were in effect for the financial year 2023.

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 consolidated financial statements of the Group for the year ended 31st December, 2023.

At present, the audit committee comprises Mr. Song Jian, Mr. Jiang Bo 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.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December, 2023 have been agreed by Grant Thornton Hong Kong Limited, the Company's auditor (the "**Auditor**"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an 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 HKICPA and consequently no assurance has been expressed by the Auditor on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The 2023 annual report of the Company containing the information required by the Listing Rules will be published on the websites of the SEHK (www.hkexnews.hk) and the Company (www.brillianceauto.com) in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises three executive directors: Mr. Wu Xiao An (also known as Mr. Ng Siu On) (*Chairman*), Mr. Zhang Wei and Mr. Xu Daqing; and four independent non-executive directors: Mr. Song Jian, Mr. Jiang Bo, Mr. Dong Yang and Dr. Lam Kit Lan, Cynthia.

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

Hong Kong, 28th March, 2024