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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, 2023

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, 2023. 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,	
		2023	2022
	Note	RMB'000	RMB'000
Revenue	4	507,855	557,527
Cost of sales		(365,540)	(457,922)
Gross profit		142,315	99,605
Other income		19,588	119,548
Interest income		348,850	148,185
Selling expenses		(19,306)	(15,835)
General and administrative expenses		(201,533)	(226,757)
Net expected credit loss (“ ECL ”) allowance on loans and receivable		(25,683)	(420,570)
Finance costs		(1,041)	(11,455)
Share of results of:			
A joint venture		–	2,379,782
Associates		3,759,457	2,873,819
		4,022,647	4,946,322

* 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,	
		2023	2022
	Note	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)
		<u>–</u>	<u>(2,391,164)</u>
Gain on deconsolidation of a subsidiary		–	621,518
Profit before income tax (expense) credit	5	4,022,647	3,176,676
Income tax (expense) credit	6	(277,161)	3,812
		<u>3,745,486</u>	<u>3,180,488</u>
Profit for the period		3,745,486	3,180,488
Attributable to:			
Equity holders of the Company		3,744,137	3,180,360
Non-controlling interests		1,349	128
		<u>3,745,486</u>	<u>3,180,488</u>
Earnings per share	7		
– Basic		RMB0.74211	RMB0.63039
– Diluted		RMB0.74211	RMB0.63039

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited)	
	For the six months ended	
	30th June,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	<u>3,745,486</u>	<u>3,180,488</u>
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 (expense) of associates	988,483	(755,692)
Fair value (loss) gain on notes receivable at fair value through other comprehensive income (“FVOCI”)	<u>(141)</u>	<u>52</u>
	988,342	(8,631)
Other comprehensive income (expense) that will not be subsequently reclassified to consolidated statement of profit or loss, net of tax		
Change in fair value of equity investments	<u>(2,320)</u>	<u>240</u>
	986,022	(8,391)
Total comprehensive income for the period	<u>4,731,508</u>	<u>3,172,097</u>
Attributable to:		
Equity holders of the Company	4,730,159	3,171,969
Non-controlling interests	<u>1,349</u>	<u>128</u>
	<u>4,731,508</u>	<u>3,172,097</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) As at 30th June, 2023 <i>RMB'000</i>	(Audited) As at 31st December, 2022 <i>RMB'000</i>
	<i>Note</i>		
Non-current assets			
Intangible assets		35,951	37,935
Property, plant and equipment		394,579	416,151
Construction-in-progress		35,952	28,034
Land lease prepayments		74,970	76,029
Interests in associates		24,454,880	19,727,942
Equity investments		7,604	9,924
Long-term loan receivables		1,947,466	1,314,172
Other non-current assets		109,618	87,832
		<hr/>	<hr/>
Total non-current assets		27,061,020	21,698,019
Current assets			
Cash and cash equivalents		24,621,599	28,463,276
Statutory deposit reserves at central bank		32,500	32,500
Pledged and restricted short-term bank deposits	<i>9</i>	3,039,857	3,461,922
Inventories		143,396	185,201
Accounts receivable	<i>10</i>	270,835	282,075
Notes receivable		80,433	94,470
Short-term loan receivables		1,138,636	1,109,779
Other current assets		118,265	99,362
		<hr/>	<hr/>
Total current assets		29,445,521	33,728,585

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

		(Unaudited) As at 30th June, 2023 <i>RMB'000</i>	(Audited) As at 31st December, 2022 <i>RMB'000</i>
	<i>Note</i>		
Current liabilities			
Accounts payable	11	238,138	366,829
Notes payable		239,255	170,149
Other current liabilities		276,019	292,322
Short-term bank borrowings		968,000	350,000
Long-term bank borrowings due within one year		2,700	7,500
Income tax payable		3,667	10,337
Provision for loss on unauthorised guarantees	12	1,917,062	1,917,062
Total current liabilities		<u>3,644,841</u>	<u>3,114,199</u>
Net current assets		<u>25,800,680</u>	<u>30,614,386</u>
Total assets less current liabilities		<u>52,861,700</u>	<u>52,312,405</u>
Non-current liabilities			
Other non-current liabilities		91,817	95,578
Net assets		<u>52,769,883</u>	<u>52,216,827</u>
Capital and reserves			
Share capital		397,176	397,176
Reserves		51,599,785	51,048,078
Total equity attributable to equity holders of the Company		51,996,961	51,445,254
Non-controlling interests		772,922	771,573
Total equity		<u>52,769,883</u>	<u>52,216,827</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 condensed consolidated interim financial statements (or hereafter also refer to as the "consolidated interim financial statements") have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the 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 Standard(s) ("HKFRS(s)") issued by the Hong Kong Institute of Certified Public Accountants (the "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, 2022, 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 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, 2022.

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, 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 – Pillar Two Model Rules

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 and components 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,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Sale of automotive components, net of taxes, discounts and return	381,079	420,045
Interest and service charge income from provision of auto financing service, net of other indirect taxes	<u>126,776</u>	<u>137,482</u>
	<u>507,855</u>	<u>557,527</u>

The Group has identified the following reportable segments:

- the manufacture and sale of automotive components;
- the manufacture and sale of BMW vehicles and components; 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 (e.g. share of results of associates and a joint venture (as in previous periods), 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 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 expense for the period – for the six months ended 30th June, 2023

	(Unaudited)				
	Manufacture and sale of automotive components <i>RMB'000</i>	Manufacture and sale of BMW vehicles and components <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	381,079	120,213,518	126,776	(120,213,518)	507,855
Segment results	(5,180)	19,772,513	4,552	(19,758,227)	13,658
Unallocated costs net of unallocated revenue					(98,277)
Interest income					348,850
Finance costs					(1,041)
Share of results of associates	6,998	3,752,459	–	–	3,759,457
Profit before income tax expense					4,022,647

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 and components <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)
Gain on deconsolidation of a subsidiary	621,518	–	–	–	621,518
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					3,176,676

4. REVENUE AND SEGMENT INFORMATION (Cont'd)

The assets and liabilities by reportable segments as at 30th June, 2023

	(Unaudited)				
	Manufacture and sale of automotive components <i>RMB'000</i>	Manufacture and sale of BMW vehicles and components <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	29,277,564	180,233,567	3,382,860	(180,885,106)	32,008,885
Interests in associates	923,005	23,531,875	–	–	24,454,880
Equity investments					7,604
Unallocated assets					35,172
Total assets					56,506,541
Segment liabilities	2,712,744	86,106,068	1,665,256	(86,757,607)	3,726,461
Unallocated liabilities					10,197
Total liabilities					3,736,658

The assets and liabilities by reportable segments as at 31st December, 2022

	(Audited)				
	Manufacture and sale of automotive components <i>RMB'000</i>	Manufacture and sale of BMW vehicles and components <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	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

5. PROFIT BEFORE INCOME TAX (EXPENSE) CREDIT

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

	(Unaudited)	
	For the six months ended	
	30th June,	
	2023	2022
	RMB'000	RMB'000
Charging:		
ECL allowance for:		
– Loan receivables	24,830	10,675
– Other receivables	280	38,049
– Amounts due from affiliated companies	616	372,230
– Accounts receivable	730	–
Cost of inventories	339,229	397,369
Amortisation of intangible assets (a)	3,151	4,466
Amortisation of land lease prepayments	1,059	1,059
Depreciation of property, plant and equipment:		
– Owned assets	25,757	27,212
– Right-of-use assets	10,817	10,276
Staff costs (including directors' emoluments)	112,832	163,191
Provision for inventories	150	1,832
Research and development costs (b)	5,356	17,252
Warranty provision (b)	1,183	1,109
Lease charges:		
– Short-term leases with lease term of 12 months or shorter	2,361	2,937
– Low value items	78	–
Loss on disposal of property, plant and equipment	4	259
Exchange loss, net (b)	74,365	–
	<hr/>	<hr/>
Crediting:		
Exchange gain, net (b)	–	2,638
Rental income from land and buildings	516	516
Reversal of ECL allowance for:		
– Accounts receivable	–	51
– Accounts receivable from affiliated companies	149	330
– Other receivables grouped under non-current assets	5	3
– Dividend receivable from an affiliated company	619	–
Write back of provision for inventories sold	337	–
	<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 (EXPENSE) CREDIT

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 during the period (*Six months ended 30th June, 2022: income tax credit represents net over-provision of PRC corporate income tax in prior period in excess of PRC corporate income tax on the estimated taxable profits*).

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, 2023 of approximately RMB3,744,137,000 (*Six months ended 30th June, 2022: approximately RMB3,180,360,000*) by the weighted average number of ordinary shares of 5,045,269,000 shares (*Six months ended 30th June, 2022: 5,045,269,000 shares*).

Diluted earnings per share is the same as basic earnings per share for the six months ended 30th June, 2023 as there was no potential dilutive ordinary share in issue during the period (*Six months ended 30th June, 2022: same*).

8. DIVIDENDS

On 13th January, 2023, the Company declared a special dividend of HK\$0.96 per share (*Six months ended 30th June 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 (*Six months ended 30th June, 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 22nd August, 2023 in respect of the Group's interim results for the six months ended 30th June, 2023 (*Six months ended 30th June, 2022: 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, 2023 RMB'000	(Audited) As at 31st December, 2022 RMB'000
Restricted short-term deposits (<i>Note i</i>)	2,838,247	3,328,387
Pledged short-term bank deposits for bank guaranteed notes issued by the Group (<i>Note ii</i>)	<u>201,610</u>	<u>133,535</u>
Total pledged and restricted short-term bank deposits	<u>3,039,857</u>	<u>3,461,922</u>

Note i: All restricted short-term deposits at 30th June, 2023 are 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 12 to this announcement (*As at 31st December, 2022: approximately RMB3,326,238,000*). At 31st December, 2022, restricted short-term deposits also included approximately RMB900,000 restricted by the courts in the PRC for settlements of claims by creditors for procurements of goods and capital assets and was released upon settlement during the six months ended 30th June, 2023.

The provision for the unauthorised guarantee have been recognised and detailed in note 12 to this announcement.

Note ii: As at 30th June, 2023, in addition of short-term deposits pledged, the Group had also pledged bank guaranteed notes receivable from third parties and related parties of approximately RMB38.0 million (*As at 31st December, 2022: approximately RMB37.4 million*) to secure the issue of bank guaranteed notes.

10. ACCOUNTS RECEIVABLE

	(Unaudited) As at 30th June, 2023 RMB'000	(Audited) As at 31st December, 2022 RMB'000
Accounts receivable	269,213	279,469
Accounts receivable from affiliated companies	<u>1,622</u>	<u>2,606</u>
	<u>270,835</u>	<u>282,075</u>

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

	(Unaudited) As at 30th June, 2023 RMB'000	(Audited) As at 31st December, 2022 RMB'000
Less than six months	273,341	284,736
Six months to one year	1,262	397
Above one year but less than two years	3,308	2,896
Above two years but less than five years	16,875	19,081
Five years or above	<u>21,319</u>	<u>18,521</u>
	316,105	325,631
Less: ECL allowance	<u>(46,892)</u>	<u>(46,162)</u>
	<u>269,213</u>	<u>279,469</u>

As at 30th June, 2023, accounts receivable from third parties of approximately RMB11.0 million (*As at 31st December, 2022: approximately RMB10.0 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, 2023 RMB'000	(Audited) As at 31st December, 2022 RMB'000
Accounts payable	224,480	344,178
Accounts payable to affiliated companies	13,658	22,651
	<u>238,138</u>	<u>366,829</u>

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

	(Unaudited) As at 30th June, 2023 RMB'000	(Audited) As at 31st December, 2022 RMB'000
Less than six months	147,766	262,352
Six months to one year	15,201	10,937
Above one year but less than two years	17,780	45,484
Two years or above	43,733	25,405
	<u>224,480</u>	<u>344,178</u>

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

12. PROVISION FOR LOSS ON UNAUTHORISED GUARANTEES

Shenyang JinBei Automotive Industry Holdings Co., Ltd. (“SJAI”) entered into some unauthorised guarantees for the repayment of bank borrowings by Huachen Automotive Group Holdings Company Limited (“Huachen”) to four creditor banks in 2020 and 2021.

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 judgments to appeals by the creditor bank still ruled that SJAI shall only be held liable for 50% of such amount which cannot be discharged by the principal borrowers covered by the respective unauthorised guarantees.

Although it is still uncertain as to the losses in these unauthorised guarantees that SJAI will have to bear based on the appeal judgments as the restructuring of Huachen is still ongoing, the Group recognised the provision of RMB1,917,062,000 for 50% of the bank facilities utilised under these unauthorised guarantees plus the respective legal costs.

MANAGEMENT'S DISCUSSION & ANALYSIS

Business Discussion and Analysis

The unaudited consolidated revenue 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, 2023 was RMB507.9 million, representing a decrease of 8.9% from RMB557.5 million generated during the same period in 2022. The main reason for the decrease in revenue was due to a fall in demand for the Group's motor vehicle components as a result of the shift from traditional fossil-fueled motor vehicles to electric and hybrid motor vehicles in the market. In reaction to this, the Group started providing motor vehicle components to electric motor vehicle manufacturers in the first half of 2023 that offset part of the decrease in the sale to traditional motor vehicle manufacturers. Apart from that, despite the substantial growth in new business volume, the revenue contribution from BBAFC decreased during the first half of 2023 as a result of decreasing interest rates in the market.

Unaudited cost of sales decreased by 20.2% from RMB457.9 million for the first six months of 2022 to RMB365.5 million for the same period in 2023. The unaudited gross profit of the Group increased by 42.9% from RMB99.6 million for the first six months of 2022 to RMB142.3 million for the same period in 2023. As a result of the above changes, the unaudited gross profit margin of the Group improved to 28.0% for the first half of 2023 compared to 17.9% for the same period last year. The improvement was mainly due to the decrease in the market price of the major raw materials aluminum in the first half of 2023. In addition, the borrowing cost for BBAFC also decreased as a result of lowering interest rates for borrowing and less borrowings used for financing the auto financing service business during the first six months of 2023.

Unaudited other income decreased by 83.6% from RMB119.5 million for the first six months of 2022 to RMB19.6 million for the same period 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 the first half of 2022 which did not occur in the same period in 2023.

Unaudited interest income increased by 135.4% from RMB148.2 million for the first six months of 2022 to RMB348.9 million for the same period in 2023. In addition to the proceed from disposal of 25% equity interest in BBA in February 2022, the dividend income from BBA received in the second half of 2022 further increased the Group's average short-term deposits and cash and cash equivalents in the first six months of 2023, which led to the increase in interest income.

Unaudited selling expenses increased by 21.9% from RMB15.8 million for the first half of 2022 to RMB19.3 million for the same period 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 2.8% for the first half of 2022 to 3.8% for the same period in 2023.

Unaudited general and administrative expenses decreased by 11.1% from RMB226.8 million for the first six months of 2022 to RMB201.5 million for the same period in 2023. As a result, the unaudited general and administrative expenses as a percentage of revenue decreased from 40.7% for the first half of 2022 to 39.7% for the same period in 2023. The decrease was mainly due to professional fees incurred in the first half of 2022 in relation to the investigation of the Group's unauthorised pledged deposits and guarantees and other transactions and resumption of trading of the Company's shares; legal costs incurred in the first half of 2022 for lawsuits regarding the claims of banks in respect of unauthorised guarantees; and one-off employee compensation expenses incurred in the first half of 2022 for resizing the operations of certain subsidiaries. The decrease was partly offset by the exchange loss arising from the depreciation of Renminbi in the period between the date on which special dividends were declared and the date of distribution during the first half of 2023.

Unaudited net ECL allowance on loans and receivables recognised in the first half of 2023 amounted to RMB25.7 million, a decrease of 93.9% from RMB420.6 million for the same period of 2022. The ECL allowance for the first half year of 2022 was mainly provided for Renault Brilliance Jinbei Automotive Company Limited ("**RB**JAC") after its deconsolidation from the Group whereas the ECL allowance for the same period of 2023 was mainly for loan receivables in respect of BBAFC.

Unaudited finance costs decreased by 90.9% from RMB11.5 million for the first six months of 2022 to RMB1.0 million for the same period in 2023, mainly due to the decrease in interest on bank borrowings and the decrease in average bank borrowings which caused lower finance cost for the first six months of 2023.

The Group did not recognise any share of results of joint venture in the first half of 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. ("**BMW**") became effective. Starting from 11th February, 2022, BBA was treated as an associate of the Company. As a result, the Group's unaudited share of results of associates included the recognition of BBA contribution as the Group's associate over the first full six months period in 2023 as compared to approximately 4.5 months period in 2022, which led to an increase of the Group's unaudited share of results of associates by 30.8% from RMB2,873.8 million for the first half of 2022 to RMB3,759.5 million for the same period in 2023, with BBA's contribution no longer being recognised in any share of results of joint venture in the first half of 2023.

The BMW joint venture achieved local sales of 334,076 units in the first six months of 2023, an increase of 6.1% as compared to 314,777 BMW vehicles sold in the same period in 2022, with strong growth in the battery electric vehicles (“BEV”) segment benefitting from the rapid industry growth of new energy vehicles (“NEV”) in China. The local sales volumes of BBA by models are listed in the table below:

BBA BMW Models	1H2023 <i>(Units)</i>	1H2022 <i>(Units)</i>	Change
1-series	10,673	10,997	-2.9%
3-series	94,624	82,386	14.9%
5-series	62,672	98,213	-36.2%
X1	35,590	33,185	7.2%
X2	10,110	8,322	21.5%
X3	74,351	71,947	3.3%
X5	46,056	9,727	373.5%
Total BMW vehicles	334,076	314,777	6.1%
Of which BEVs	41,547	12,777	225.2%

In addition, the BMW joint venture exported 16,595 units, mainly X3 BEV models, to overseas in the first half of 2023, an increase by 48.7% from 11,162 units sold overseas for the same period of 2022.

The Group did not recognise any unaudited gain on disposal of partial equity interest in a joint venture or the related tax on disposal in the first half of 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 unaudited gain on deconsolidation of a subsidiary in the first half of 2023 which arose from the deconsolidation of RBJAC from the Group’s accounts in the first half of 2022.

The Group’s unaudited profit before income tax increased by 26.6% from RMB3,176.7 million for the first half of 2022 to RMB4,022.6 million for the same period in 2023. Unaudited income tax expense was RMB277.2 million for the first half of 2023 as compared to an income tax credit of RMB3.8 million for the first half of 2022 which was mainly due to the withholding tax on dividends of the subsidiaries in the period.

As a result of the above, the Group recorded an unaudited profit attributable to equity holders of the Company of RMB3,744.1 million for the first half of 2023, compared to RMB3,180.4 million for the same period in 2022. Unaudited basic earnings per share for the six months ended 30th June, 2023 amounted to RMB0.74211 compared to RMB0.63039 for the same period in 2022.

Prospects

In the first six months of 2023, China's economy showed a robust recovery since the lifting of most COVID-19 restrictions at the start of 2023 with GDP increasing by 5.5% year on year at constant price, exceeding China's annual GDP target. By quarter, the GDP grew by 4.5% year on year in the first quarter and 6.3% in the second quarter. The second quarter saw a significant recovery in areas, such as services and consumption, while the growth of industrial and manufacturing output accelerated in June from the previous month.

According to the China Association of Automobile Manufacturers, total Chinese vehicle sales increased by 9.8% to 13.2 million units in the first six months of 2023, out of which, passenger vehicle sales accounted for 11.3 million units, an increase of 8.8% from the same period last year. Sales of NEVs reached 3.7 million units, an increase of 44.1% from the same period last year, whereas sales of NEVs passenger vehicles accounted for 3.6 million units, an increase of 44% from the same period last year, out of which BEVs accounted for 2.6 million units, an increase of 31.1% from the same period last year.

In July 2023, the Chinese government issued a new measure to promote auto consumption (《關於促進汽車消費的若干措施》) (the “**Measures**”). The Measures specifically listed out 10 points, some of which are directly related to support for the NEV sector, including the strengthening of NEV infrastructure, lowering the cost of using NEVs and increasing NEV procurement in the public sector. With such policy support against the overall backdrop of China's commitment to carbon gas emissions, the Company expects a huge market potential for the NEV market.

In spite of the challenging operating environment, BBA delivered strong results on sales volumes during the first half of 2023. It achieved a local sales and exports volume of 334,076 units and 16,595 units, respectively, for the first half of 2023, comprising BEV local sales and exports volume of 41,547 units and 16,584 units, respectively. BBA is committed to ride on the industry growth and capture market share of the rapid growing BEV market, at the same time managing and controlling the cost in connection with its BEV development with constant monitoring and assessment of the market reception of its various BEV models. In the Auto Shanghai show 2023, a number of new BMW electrified car models were exhibited, showcasing its firm electrification and digitalisation strategy, one of which is the pure electrically powered BMW iX1 that has been developed exclusively for Chinese customers.

Against an overall commitment to a future e-mobility that is “Electric, Digital and Circular”, on 20th February, 2023, an All New Fully Electric BMW i3 40L rolled off the production line of Plant Tiexi Lydia, marking the cumulative production of 5 million cars at BBA Shenyang production base and the beginning of a new chapter in the group's electrification journey, both in terms of its marketing strategy and digital production capability. Digitalisation plays an essential role in BBA's advanced production system. The BMW iFactory production strategy is being implemented in BBA's Shenyang production base. It applies data science, artificial intelligence and virtualisation technologies to improve production efficiency and quality, as well as save energy and reduce emissions.

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.

As for RBJAC, as part of its restructuring (the "**RBJAC Restructuring**"), RBJAC, SJAI and the administrator of the RBJAC Restructuring entered into a restructuring investment agreement on 17th May, 2023 pursuant to which, (i) the entire amount of the existing paid-up capital of RBJAC held by SJAI and Renault SAS ("**Renault**"), respectively is proposed to be reduced to nil; (ii) all the existing debt owed by RBJAC to Shenyang XingYuanDong Automobile Component Co., Ltd. ("**Xing Yuan Dong**") and Renault (the "**Shareholders Debt**") in the amount of approximately RMB1.668 billion and RMB711 million, respectively, are proposed to be capitalised into shareholders' equity of RBJAC after the existing paid up capital is reduced to nil; and (iii) a capital contribution in the amount of up to RMB1.36 billion in cash (the "**Capital Contribution**") is proposed to be injected into RBJAC by SJAI for the purpose of restructuring the indebtedness of RBJAC within 12 months from the date the formal plan for the RBJAC Restructuring (the "**Formal Restructuring Plan**") is approved by the Shenyang Intermediate People's Court. Following completion of the Capital Contribution, taking into account the capitalisation of the Shareholders Debt, RBJAC will be effectively owned as to approximately 36.37% by SJAI, 44.61% by Xing Yuan Dong and 19.02% by Renault, subject to adjustments. On 23rd May, 2023, the Formal Restructuring Plan was approved by the Shenyang Intermediate People's Court. Please refer to (i) the announcements of the Company dated 30th December, 2021, 12th January, 2022 and 24th May, 2022 in relation to, among other things, the RBJAC Restructuring; and (ii) the announcements of the Company dated 11th April, 2023, 17th May, 2023 and 25th May, 2023 in relation to the Capital Contribution for further details.

Given the Capital Contribution has yet been injected into RBJAC, the Group continues to have no control over RBJAC which continues to be deconsolidated from the Group as at the date of the Company's 2023 consolidated interim financial statements.

BBAFC, our auto finance subsidiary in China, has significantly increased new business volumes through recently engaged NEV brand partners consistent with the overall industry focus on NEV sales, as well as further enhanced existing business partnerships with core brand partners, which further secures its reputation as a leading NEV financier within the China automotive finance segment. From a risk perspective, the credit risk has been well managed with a substantially reduced non-performing loan proportion, which has been further aided by the improved customer repayment capabilities post COVID-19. The company profitability is also on an improving trend, through the utilisation of diversified funding channels, increased retail co-lending with banking partners, as well as the increasing new business volumes from its existing and new business partnerships.

In the first half of 2023, Ningbo Yumin undertook the development of 13 new products and took on three new customers in the period. In addition, Ningbo Yumin has expanded its assembly products co-operation with BYD. After having developed certain sunroof guide rail assembly products for BYD, Ningbo Yumin further took up the order for new products such as impact beams, rocker rail and front cabin stabilising rod for several BYD car models. The company plans to gradually commence mass production for these products in the coming year.

As a result of Mianyang Ruian's intentional shift in developing products for the NEV segment starting from 2021, the company's component sales to NEV manufacturers steadily increased in the first half of 2023. As Li Auto's exclusive supplier of its second-generation range extended EV camshaft, the company's product sales increased as a result of Li Auto's strong sales volume for the first half of 2023. Mianyang Ruian completed the delivery of 330,000 camshafts in the first half of 2023 and will continue to allocate its resources for the development and manufacturing of NEV component products in the second half of 2023.

Liquidity and Financial Resources

As at 30th June, 2023, the Group had RMB24,621.6 million in cash and cash equivalents (*As at 31st December, 2022: RMB28,463.3 million*), RMB32.5 million in statutory deposit reserves at central bank (*As at 31st December, 2022: RMB32.5 million*) and RMB3,039.9 million in pledged and restricted short-term bank deposits (*As at 31st December, 2022: RMB3,461.9 million*).

As at 30th June, 2023, the Group had accounts payable in the amount of RMB238.1 million (*As at 31st December, 2022: RMB366.8 million*). As at 30th June, 2023, the Group had notes payable in the amount of RMB239.3 million (*As at 31st December, 2022: RMB170.1 million*).

As at 30th June, 2023, the Group had outstanding short-term bank borrowings of RMB968.0 million (*As at 31st December, 2022: RMB350.0 million*), and long-term bank borrowings due within one year of RMB2.7 million (*As at 31st December, 2022: RMB7.5 million*).

All short-term bank borrowings as at 30th June, 2023 were due within one year, being repayable from 13th July, 2023 to 12th June, 2024 (*As at 31st December, 2022: repayable from 6th January, 2023 to 20th December, 2023*). As at 30th June, 2023, all short-term bank borrowings were interest-bearing at rates ranging from 3.80% to 5.50% per annum (*As at 31st December, 2022: from 5.50% to 5.65% per annum*), and were denominated in Renminbi (*As at 31st December, 2022: Renminbi*).

Included in short-term bank borrowings were bank borrowings of RMB733.0 million (*As at 31st December, 2022: RMB350.0 million*) from The Bank of East Asia (China) Limited. The interest incurred on the respective bank borrowings for the six months ended 30th June, 2023 amounted to approximately RMB10.5 million (*Six months ended 30th June, 2022: approximately RMB25.2 million*).

All long-term bank borrowings as at 30th June, 2023 were due within one year, being repayable from 20th July, 2023 to 20th October, 2023 (*As at 31st December, 2022: repayable from 20th January, 2023 to 20th October, 2023*). As at 30th June, 2023, these long-term bank borrowings were interest-bearing at rates ranging from 4.30% to 4.60% per annum (*As at 31st December, 2022: from 4.30% to 4.60% per annum*), and were denominated in Renminbi (*As at 31st December, 2022: 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, 2023, the Group's accounts receivable turnover days was approximately 98 days, compared to approximately 94 days for the year ended 31st December, 2022. Inventory turnover days was approximately 87 days for the six months ended 30th June, 2023, compared to approximately 88 days for the year ended 31st December, 2022.

Capital Structure and Funding Policies

As at 30th June, 2023, the Group's total assets was approximately RMB56,506.5 million (*As at 31st December, 2022: approximately 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 RMB51,599.8 million (*As at 31st December, 2022: RMB51,048.1 million*), (c) total liabilities of RMB3,736.7 million (*As at 31st December, 2022: RMB3,209.8 million*) and (d) contribution from non-controlling interests of RMB772.9 million (*As at 31st December, 2022: RMB771.6 million*).

As at 30th June, 2023, 99.9% (*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 0.1% (*As at 31st December, 2022: 0.1%*) were denominated in other currencies. Apart from the bank borrowings mentioned above, as at 30th June, 2023, the Group did not have any committed banking facilities (*As at 31st December, 2022: same*).

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 2023, the Group incurred capital expenditures of RMB24.5 million (*Six months ended 30th June, 2022: RMB26.7 million*) mainly for acquisition of both owned and right-of-use assets of building, plant and equipment, and construction-in-progress as well as specialised software.

As at 30th June, 2023, the Group's contracted capital commitments amounted to RMB3.9 million (*As at 31st December, 2022: RMB4.0 million*), which were related to the capital expenditures in respect of acquisition of plant and machinery.

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

As announced by the Company on 11th April, 2023 and 17th May, 2023, as part of the RBJAC Restructuring, the Capital Contribution is proposed to be injected into RBJAC by SJAI for the purpose of restructuring certain indebtedness of RBJAC. Following completion of the RBJAC Restructuring, RBJAC will be effectively owned as to approximately 80.98% by the Group and 19.02% by Renault, subject to the actual amount of the Capital Contribution.

Saved 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, 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 introduce new BMW models of both internal combustion engine and BEVs in the Chinese market over the next few years. With firm focus on the BEV market, BBA is coordinating with BMW Group to prepare for the development and arrival of a completely new technological platform for electric vehicles for the "Neue Klasse" model generation over the next few years, which is going to redefine standards for digitalisation, circular economy and design.

As for RBJAC, with the approval of the Formal Restructuring Plan, the Company believes that the Group will be able to leverage on the capability and resources of RBJAC and its existing qualification to maintain it as the Group's automobile manufacturing platform to seek future cooperation with international and domestic automobile companies and to further strengthen the Group'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 BBAFC new business strategy is firmly focused on NEV, where it sees significant opportunity in the segment. BBAFC carefully selected top performing local and international NEV brands as its business partners, who have contributed to year-on-year increase in its new business volume by +145% for the first half of 2023. This strong performance has been actively supported by innovative funding solutions, as well as enhanced retail co-lending platform with banking partners. From an operational perspective, the company has fully embraced the online strategy which introduces customers into the digital journey, with improved customer and retailer conveniences. BBAFC prides itself on its creative and bespoke auto finance product offerings, that are carefully aligned to strategic OEM requirements as well as the real customer demands. This valuable combination resulted in continuing new business growth trends along with the highest customer satisfaction feedback, as accredited by a key OEM partner survey.

In June 2023, Mianyang Ruian completed the supplier acceptance procedures of BYD, eagerly looking forward to entering into the supply system of the largest Chinese NEV enterprise. As of result of the rapid growth of the BEV market, Mianyang Ruian planned to increase its product portfolio to cater for the development of the BEV market. Pursuant to the company's market analysis taking into consideration of its technical abilities and production conditions, Mianyang Ruian decided to develop resin balance shaft as its future product and launched the development project in the first quarter of 2023. Mianyang Ruian formed a R&D team with a new material technology institution and an university and completed the technical solution for resin gear in the first half of 2023.

Employees, Remuneration Policy and Training Programmes

The Group employed approximately 1,160 employees as at 30th June, 2023 (*As at 30th June, 2022: 1,427*). Employee costs amounted to RMB112.8 million for the six months ended 30th June, 2023 (*Six months ended 30th June, 2022: RMB163.2 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, Ningbo Yumin and Mianyang Ruian provide training for employees from time to time. Both companies 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. BBAFC has also developed a succession plan in 2022 which lays a solid foundation of talent for its long-term development.

Charge on Assets

As at 30th June, 2023, short-term bank borrowings of RMB133.0 million (*As at 31st December, 2022: RMB200.0 million*) were secured by the Group's loan receivables of approximately RMB167.6 million (*As at 31st December, 2022: RMB249.5 million*).

As at 30th June, 2023, all long-term bank borrowings due within one year of RMB2.7 million (*As at 31st December, 2022: RMB7.5 million*) were secured by the Group's land lease prepayments with a net book value of approximately RMB27.8 million (*As at 31st December, 2022: approximately RMB28.1 million*), and buildings, plant and equipment with an aggregate net book value of approximately RMB31.1 million (*As at 31st December, 2022: approximately RMB35.4 million*).

In addition, as at 30th June, 2023, the Group pledged short-term bank deposits in an aggregate amount of RMB201.6 million (*As at 31st December, 2022: RMB133.5 million*), and pledged bank guaranteed notes receivable from third parties and related parties of approximately RMB38.0 million (*As at 31st December, 2022: approximately RMB37.4 million*) to secure the issue of bank guaranteed notes.

As at 30th June, 2023, the Group had restricted short-term bank deposits of approximately RMB2,838.2 million (*As at 31st December, 2022: RMB3,328.4 million*), all of which 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 at 31st December, 2022: RMB3,326.2 million*) as detailed in note 12 to this announcement.

The directors of the Company have assessed the respective liabilities and adequate provision and liabilities have been recognised in the unaudited consolidated interim 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

As announced by the Company on 11th April, 2023, 17th May, 2023 and 25th May, 2023, the Capital Contribution is proposed to be injected into RBJAC by SJAI for the purpose of restructuring certain indebtedness of RBJAC within 12 months from 23rd May, 2023 (i.e. the date on which the Formal Restructuring Plan of RBJAC was approved by the Shenyang Intermediate People's Court). The Capital Contribution will be funded by the internal resources of the Group.

Save as aforesaid, there was no plan authorised by the Board for material investments or additions of capital assets during the six months ended 30th June, 2023.

Gearing Ratio

As at 30th June, 2023, the gearing ratio, computed by dividing total liabilities by total equity attributable to equity holders of the Company, was approximately 0.07 (*As at 31st December, 2022: approximately 0.06*). The increase in the gearing ratio was primarily due to an increase in short-term bank borrowings at 30th June, 2023.

Foreign Exchange Risks

The Group considers that exchange rate fluctuations do not have significant effect on the overall financial performance of the Group as substantial transactions during the period were denominated in Renminbi. 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 30th June, 2023 (*As at 31st December, 2022: nil*).

Contingent Liabilities

The Group did not have any contingent liabilities as at 30th June, 2023.

DIVIDENDS

As disclosed, 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/are payable 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 22nd August, 2023 in respect of the Group's 2023 interim results (*2022: nil*).

IMPORTANT EVENTS AFFECTING THE GROUP THAT HAVE OCCURRED SINCE 30TH JUNE, 2023

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, 2023 and up to the date of this announcement:

(a) Declaration of Special Dividend

As announced on 18th July, 2023, the directors of the Company declared a special dividend of HK\$0.96 per ordinary share of the Company to its shareholders whose names appear on the register of members of the Company as at 17th August, 2023. Such special dividend will be paid in cash to the shareholders on or about 31st August, 2023. For further details, please refer to note 8 to this announcement.

(b) Restructuring of Huachen

References are made to the announcements of the Company dated 31st May, 2023, 1st August, 2023 and 8th August, 2023.

The Company has been informed by the administrator to Huachen that the restructuring investor selection review committee to the restructuring of Huachen (“**Huachen Restructuring**”) (華晨集團重整投資人遴選評審委員會) has selected Shenyang Automobile Co., Ltd.* (瀋陽汽車有限公司) (“**Shenyang Automobile**”) as the potential investor to the Huachen Restructuring. On 14th June, 2023, an investment agreement was signed among Huachen, Huachen related companies, the administrator to Huachen and Shenyang Automobile.

The Company has also been informed that the plan for the Huachen Restructuring has been approved by the creditors of Huachen and the Shenyang Intermediate People’s Court on 31st July, 2023 and 2nd August, 2023, respectively.

The Company will continue to closely monitor the development of the Huachen Restructuring 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.

(c) Legal proceedings against the Group

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

- (i) SJA I has received notices to responding to action (應訴通知書) dated 6th July, 2023 from 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**”) that China Everbright Bank has filed an appeal to the Supreme People’s Court 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; and
- (ii) On 12th July, 2023, Harbin Bank has filed an application to the Liaoning High People’s Court (遼寧省高級人民法院) for a retrial of the Harbin Bank RMB300 million Proceeding and for an enforcement order against the Harbin Bank RMB300 million Proceeding Trial Judgment.

The Company will inform the shareholders of the Company and potential investors of material progress of the legal proceedings when appropriate.

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, 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**"). 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 six months ended 30th June, 2023, the Group has complied with all code provisions set out in Part 2 of Appendix 14 to the Listing Rules.

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, 2023.

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. 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, 22nd August, 2023