

BRILLIANCE
CHINA AUTOMOTIVE
HOLDINGS LIMITED

Brilliance Auto
华 晨 汽 车

(華晨中國汽車控股有限公司)*

(Incorporated in Bermuda with limited liability)

Stock Code : 1114



Interim Report

2022

*for identification purposes only

RESULTS

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

		(Unaudited) For the six months ended 30th June,	
		2022	2021
	Note	RMB'000	RMB'000
Revenue	4	557,527	1,525,644
Cost of sales		(457,922)	(1,410,205)
Gross profit		99,605	115,439
Other income		119,548	34,582
Interest income		148,185	38,365
Selling expenses		(15,835)	(92,717)
General and administrative expenses		(226,757)	(262,414)
Net expected credit loss (“ECL”) allowance on loan and receivables		(420,570)	(449,865)
Finance costs	6	(11,455)	(71,643)
Share of results of:			
A joint venture		2,379,782	8,138,572
Associates		2,873,819	25,264
		4,946,322	7,475,583
Gain on disposal of partial equity interest in a joint venture		4,895,929	–
Other taxes related to the disposal		(7,287,093)	–
		(2,391,164)	–
Loss on deconsolidation of a subsidiary	5	(1,728,963)	–
Profit before income tax credit (expense)	7	826,195	7,475,583
Income tax credit (expense)	9	3,812	(6,062)
Profit for the period		830,007	7,469,521
Attributable to:			
Equity holders of the Company		829,879	7,607,111
Non-controlling interests		128	(137,590)
		830,007	7,469,521
Earnings per share	10		
– Basic		RMB0.16449	RMB1.50777
– Diluted		RMB0.16449	RMB1.50777

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

		(Unaudited)	(Audited)
		As at	As at
		30th June,	31st December,
		2022	2021
	Note	RMB'000	RMB'000
Non-current assets			
Intangible assets	12	37,805	41,468
Property, plant and equipment	12	453,063	666,331
Construction-in-progress	12	24,068	59,795
Land lease prepayments	12	77,088	78,147
Interests in a joint venture	13	–	41,554,943
Interests in associates	14	25,446,761	987,766
Equity investments	15	9,703	9,463
Long-term loan receivables	16	1,330,827	1,517,536
Other non-current assets		80,717	78,352
		<hr/>	<hr/>
Total non-current assets		27,460,032	44,993,801
Current assets			
Cash and cash equivalents	17	17,940,107	1,049,252
Statutory deposit reserves at central bank		32,500	32,500
Pledged and restricted short-term bank deposits	18	3,504,801	745,195
Inventories		198,770	298,387
Accounts receivable	19	283,535	310,860
Notes receivable	20	114,030	109,490
Other current assets	21	1,579,116	2,411,510
		<hr/>	<hr/>
Total current assets		23,652,859	4,957,194
Current liabilities			
Accounts payable	22	360,052	1,087,348
Notes payable		260,526	334,388
Other current liabilities	23	440,232	2,713,671
Short-term bank borrowings	24	1,034,500	2,167,338
Long-term bank borrowings due within one year	24	9,600	390,600
Income tax payable		6,561	2,661
Provision for loss on unauthorised guarantees	25	1,917,062	1,917,062
		<hr/>	<hr/>
Total current liabilities		4,028,533	8,613,068

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

		(Unaudited) As at 30th June, 2022 <i>RMB'000</i>	(Audited) As at 31st December, 2021 <i>RMB'000</i>
Net current assets (liabilities)		19,624,326	(3,655,874)
Total assets less current liabilities		47,084,358	41,337,927
Non-current liabilities			
Other non-current liabilities	23	104,872	156,088
Long-term bank borrowings	24	2,700	7,500
Total non-current liabilities		107,572	163,588
Net assets		46,976,786	41,174,339
Capital and reserves			
Share capital	26	397,176	397,176
Reserves	27	45,807,844	41,931,523
Total equity attributable to equity holders of the Company		46,205,020	42,328,699
Non-controlling interests		771,766	(1,154,360)
Total equity		46,976,786	41,174,339

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30th June, 2021 (Unaudited)

	Attributable to the equity holders of the Company									
	Issued capital RMB'000	Hedging reserve RMB'000	Share premium RMB'000	Investment fair value reserve RMB'000	F/OCI reserve RMB'000	Cumulative translation adjustments reserve RMB'000	Difference arising from acquisition of non-controlling interests RMB'000	Total equity attributable to the equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1st January, 2021	397,176	764,509	2,476,082	(8,752)	(706)	39,179	(2,350,481)	33,285,781	71,349	33,357,130
Transactions with equity holders of the Company										
Capital contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	294,000	294,000
Profit for the period	-	-	-	-	-	-	-	7,607,111	(137,590)	7,469,521
Other comprehensive expense										
Share of other comprehensive expense of a joint venture	-	(960,327)	-	-	-	-	-	(960,327)	-	(960,327)
Change in fair value of financial assets	-	-	-	2,681	(582)	-	-	2,099	(125)	1,974
	-	(960,327)	-	2,681	(582)	-	-	(958,228)	(125)	(958,353)
Total comprehensive income	-	(960,327)	-	2,681	(582)	-	-	6,648,883	(137,715)	6,511,168
As at 30th June, 2021	397,176	(195,816)	2,476,082	(6,071)	(1,288)	39,179	(2,350,481)	39,934,664	227,634	40,162,298

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

Six months ended 30th June, 2022 (Unaudited)

	Attributable to the equity holders of the Company							Total equity attributable to the equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000		
	Issued capital RMB'000	Hedging reserve RMB'000	Share premium RMB'000	Investment fair value reserve RMB'000	FVOCI reserve RMB'000	Cumulative translation adjustments reserve RMB'000	Difference arising from acquisition (disposal) of non-controlling interests RMB'000				Capital reserve RMB'000	Retained earnings RMB'000
As at 1st January, 2022	397,176	(2,155,713)	2,476,082	(6,170)	(673)	39,179	(2,350,481)	120,000	43,809,299	42,328,699	(1,154,360)	41,174,339
Transactions with equity holders of the Company												
Release on disposal of equity interests of a jointly controlled entity	-	704,352	-	-	-	-	-	-	-	704,352	-	704,352
Release of reserve upon deconsolidation of a subsidiary	-	-	-	-	-	-	2,350,481	-	-	2,350,481	1,925,988	4,276,479
Profit for the period	-	704,352	-	-	-	-	2,350,481	-	-	3,054,833	1,925,988	4,980,831
Other comprehensive expenses												
Share of other comprehensive income of a joint venture	-	747,009	-	-	-	-	-	-	-	747,009	-	747,009
Share of other comprehensive expense of associates	-	(755,735)	-	-	43	-	-	-	-	(755,692)	-	(755,692)
Change in fair value of financial assets	-	-	-	240	52	-	-	-	-	292	-	292
	-	(8,726)	-	240	95	-	-	-	-	(8,391)	-	(8,391)
Total comprehensive income	-	(8,726)	-	240	95	-	-	-	829,879	821,488	128	821,616
As at 30th June, 2022	397,176	(1,460,087)	2,476,082	(5,930)	(578)	39,179	-	120,000	44,639,178	46,205,020	771,766	46,976,786

CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited)	
	For the six months ended	
	30th June,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash generated from operating activities	850,172	1,628,076
Net cash generated from (used in) investing activities	17,252,758	(583,769)
Net cash used in financing activities	(1,212,075)	(1,918,808)
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Increase (Decrease) in cash and cash equivalents	16,890,855	(874,501)
Cash and cash equivalents, as at 1st January	1,049,252	2,021,771
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Cash and cash equivalents, as at 30th June	17,940,107	1,147,270

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 these consolidated interim financial statements.

2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES

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

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

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

3. ADOPTION OF NEW AND AMENDED HKFRSs

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

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

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

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

4. REVENUE AND SEGMENT INFORMATION

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

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

As Renault Brilliance Jinbei Automotive Company Limited ("RBJAC") which manufactured the Group's minibuses and multi-purpose vehicles ("MPVs"), has been undergoing restructuring since early January 2022 as detailed in note 5, its financial statements were deconsolidated from the Group's condensed consolidated financial statements for the first six months ended 30th June, 2022.

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

The Group has identified the following reportable segments:

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

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

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

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

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

4. REVENUE AND SEGMENT INFORMATION (Cont'd)

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

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

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

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

4. REVENUE AND SEGMENT INFORMATION (Cont'd)

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

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

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

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

5. LOSS ON DECONSOLIDATION OF RBJAC

A court order approved the restructuring of RBJAC on 12th January, 2022 and appointed the administrator of the restructuring, although the PRC Court has ruled that RBJAC could manage its own assets and business under the supervision of the administrator, based on the legal opinion issued by the Group's legal advisor in the PRC, in accordance with the relevant laws in respect of restructuring in the PRC, the Group's rights and duty in the management of RBJAC is restricted, including but not limited to the rights to vote and the rights to appropriate profits, etc. Accordingly, the directors of the Company consider the Company has lost control over RBJAC from 12th January, 2022 and RBJAC's financial statements were deconsolidated from the Group's condensed consolidated financial statements for the first six months ended 30th June, 2022.

The net liabilities of RBJAC deconsolidated are as follows:

	(Unaudited) RMB'000
Non-current assets	236,097
Current assets	596,248
Current liabilities	(4,716,036)
Non-current liabilities	(46,945)
	<hr/>
Total net liabilities deconsolidated	(3,930,636)
Non-controlling interests disposed of	1,925,998
Difference arising from acquisition of non-controlling interests under equity disposed of	2,350,481
Receivables from RBJAC	1,383,120
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Loss on deconsolidation	1,728,963
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Net cash and cash equivalents arising from deconsolidation of RBJAC	-
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6. FINANCE COSTS

	(Unaudited)	
	For the six months ended	
	30th June,	
	2022	2021
	RMB'000	RMB'000
Interest expense on:		
– Bank borrowings	10,391	45,651
– Discounted bank guaranteed notes/net loss arising on FVOCI	124	24,282
– Finance charges on lease liabilities	940	1,710
	11,455	71,643

7. PROFIT BEFORE INCOME TAX CREDIT (EXPENSE)

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

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

(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.

8. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	(Unaudited)	
	For the six months ended	
	30th June,	
	2022	2021
	RMB'000	RMB'000
Wages, salaries and performance related bonus	107,523	199,937
Pension costs – defined contribution plans	10,987	22,828
Staff welfare costs	44,681	47,777
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	163,191	270,542

9. INCOME TAX CREDIT (EXPENSE)

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

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

10. EARNINGS PER SHARE

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

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

11. DIVIDENDS

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

12. CAPITAL EXPENDITURES

	(Unaudited)			
	Intangible assets	Property, plant and equipment	Construction -in-progress	Land lease prepayments
	RMB'000	RMB'000	RMB'000	RMB'000
Net book value as at 1st January, 2022	41,468	666,331	59,795	78,147
Additions	426	15,096	11,626	-
Transfer	377	4,950	(5,327)	-
Deconsolidation of a subsidiary	-	(192,066)	(42,026)	-
Disposals/Write-off	-	(3,760)	-	-
Amortisation/Depreciation	(4,466)	(37,488)	-	(1,059)
Net book value as at 30th June, 2022	37,805	453,063	24,068	77,088

As at 30th June, 2022, included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	Carrying amount		Depreciation	
	(Unaudited)	(Audited)	(Unaudited)	
	As at 30th June, 2022	As at 31st December, 2021	For the six months ended 30th June, 2022	
	RMB'000	RMB'000	RMB'000	RMB'000
Buildings	47,099	44,147	10,173	11,143
Machinery & equipment	-	220	73	44
Motor vehicles	49	79	30	39
	47,148	44,446	10,276	11,226

During the six months ended 30th June, 2022, the total additions to and net book value disposed of for right-of-use assets included in property, plant and equipment, amounted to approximately RMB13,154,000 with no modification of lease arrangement (*Six months ended 30th June, 2021: approximately RMB4,282,000 including RMB740,000 arising from modification of lease arrangement*) and RMB499,000 including RMB440,000 arising from modification of lease arrangement (*Six months ended 30th June, 2021: approximately RMB842,000 with no modification of lease arrangement*), respectively.

13. INTERESTS IN A JOINT VENTURE

Interests in a joint venture represents the Group's share of net assets of BBA. The details of the movements of the interests during the period are as follows.

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June, 2022	December, 2021
	RMB'000	RMB'000
Share of net assets by equity method		
– Unlisted joint ventures	-	41,554,943

On 11th February, 2022, the Group disposed 25% equity interests in BBA to the other shareholder of the BBA for a consideration, net of all respective taxes, of RMB20,654,054,000 resulting a loss on disposal of RMB2,386,895,000. After the disposal of 25% equity interests in BBA, the remaining equity interest in BBA is reclassified from interests in a joint venture to interest in associates (*note 14*).

13. INTERESTS IN A JOINT VENTURE (Cont'd)

BBA's revenue, profit and dividend received by the Group for the period before it became the Group's associate are as follows:

	(Unaudited) RMB'000
Revenue	29,193,591
Profit for the period	4,759,564
Dividends received from BBA	–

14. INTERESTS IN ASSOCIATES

	(Unaudited) As at 30th June, 2022 RMB'000	(Audited) As at 31st December, 2021 RMB'000
Share of net assets by equity method and goodwill:		
Associates listed in Hong Kong	619,659	631,399
Less: impairment loss for interests in an associate listed in Hong Kong	(72,799)	(72,799)
	546,860	558,600
Unlisted associates:		
BBA	24,435,203	–
Other unlisted associates	506,905	471,373
	24,942,108	471,373
Less: impairment loss for interests in an unlisted associate	(42,207)	(42,207)
	24,899,901	429,166
	25,446,761	987,766
Fair value of investment in associates listed in Hong Kong	218,563	238,514

14. INTERESTS IN ASSOCIATES (Cont'd)

BBA's assets and liabilities as at 30th June, 2022 and the respective net assets shared by the Group are as follows:

	(Unaudited) As at 30th June, 2022 RMB'000
Non-current assets	69,163,695
Current assets	111,329,288
Current liabilities	(65,518,477)
Non-current liabilities	<u>(17,233,695)</u>
Net assets	<u>97,740,811</u>
Proportion of the Group's ownership interest in BBA	<u>25%</u>
Carrying amount of the Group's interest in BBA	<u>24,435,203</u>

BBA's revenue, profit and dividend received by the Group from the date it became the Group's associate to 30th June, 2022 are as follows:

	(Unaudited) RMB'000
Revenue	<u>79,919,582</u>
Profit for the period	<u>11,400,310</u>
Dividends received from BBA	<u>-</u>

Other associates are considered individually not material to the Group. The Group's share of aggregate financial information of these associates for the six months ended 30th June, 2022 is summarised as follows:

	(Unaudited) For the six months ended 30th June, 2022 2021 RMB'000 RMB'000	
Net profit and other comprehensive income attributable to the Group	<u>23,748</u>	<u>25,264</u>
Dividends received from other associates	<u>-</u>	<u>-</u>

15. EQUITY INVESTMENTS

	(Unaudited) As at 30th June, 2022 RMB'000	(Audited) As at 31st December, 2021 RMB'000
Financial assets of FVOCI (non-recycling)		
– Unlisted equity investment	4,138	4,138
– Listed equity investment in Hong Kong	5,565	5,325
	<u>9,703</u>	<u>9,463</u>

16. LOAN RECEIVABLES

	(Unaudited) As at 30th June, 2022 RMB'000	(Audited) As at 31st December, 2021 RMB'000
Loan receivables from customers	2,826,559	3,514,556
Less: ECL allowance	(50,879)	(63,436)
	<u>2,775,680</u>	<u>3,451,120</u>
Less: current portion (<i>note 21</i>)	(1,444,853)	(1,933,584)
	<u>1,330,827</u>	<u>1,517,536</u>
Long-term loan receivables		
Gross loan receivables recoverable:		
– No later than one year	1,476,633	1,973,296
– Later than one year and no later than five years	1,349,926	1,541,260
	<u>2,826,559</u>	<u>3,514,556</u>

All loan receivables were derived from the business of provision of auto financing service by BBAFC during the period. The balances are denominated in Renminbi and secured by the motor vehicles of the borrowers of retail auto financing, and security deposits are required from borrowers of wholesale auto financing.

BBAFC has joint auto financing service with an affiliated company of a non-controlling interest of BBAFC (“**Joint Lender**”). The credit risk under this joint auto financing to the Group is only up to the amount financed by the Group and motor vehicles secured by retail borrowers are also shared proportionately between the Group and the Joint Lender in case of default by the retail borrowers. As at 30th June, 2022, loan receivables of approximately RMB122,094,000 (*As at 31st December, 2021: approximately RMB88,785,000*) were outstanding balances to the Group under this joint auto financing arrangement.

17. CASH AND CASH EQUIVALENTS

For consolidated statement of financial position classification, cash and cash equivalents represent assets similar in nature to cash, which are not restricted as to use. For the purposes of consolidated statement of cash flows, cash and cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts and short-term bank borrowings with maturities less than 3 months.

18. PLEDGED AND RESTRICTED SHORT-TERM BANK DEPOSITS

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

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

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

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

19. ACCOUNTS RECEIVABLE

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2022	2021
	RMB '000	RMB '000
Accounts receivable	279,921	306,755
Accounts receivable from affiliated companies (<i>note 28(c)</i>)	3,614	4,105
	<hr/>	<hr/>
	283,535	310,860
	<hr/>	<hr/>

19. ACCOUNTS RECEIVABLE (Cont'd)

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

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

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

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

20. NOTES RECEIVABLE

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2022	2021
	RMB'000	RMB'000
Notes receivable	113,901	105,145
Notes receivable from affiliated companies (<i>note 28(d)</i>)	129	4,345
	<hr/>	<hr/>
	114,030	109,490
	<hr/>	<hr/>

All notes receivable are denominated in Renminbi and are primarily notes received from customers for settlement of accounts receivable balances. As at 30th June, 2022, all notes receivable were guaranteed by established banks in the PRC with maturities of less than six months from 30th June, 2022 (*As at 31st December, 2021: same*).

The Group does not hold the notes receivable until maturity but endorses or discounts these notes receivable before maturity for the settlement of the Group's creditors. Accordingly, these notes receivable are classified as financial assets at FVOCI (recycling) and are stated at fair value. The fair value is based on the net present value at 30th June, 2022 from expected timing of endorsements and discounting at the interest rates for the respective notes receivable (*At 31st December, 2021: same*). The fair value is within level 2 of the fair value hierarchy.

21. OTHER CURRENT ASSETS

		(Unaudited) As at 30th June, 2022 RMB'000	(Audited) As at 31st December, 2021 RMB'000
Other receivables	21(a)	38,510	252,893
Prepayments and other current assets		36,836	99,740
Other taxes recoverable		19,321	86,491
Amounts due from affiliated companies	28(e)	23,062	22,268
Dividend receivable from an affiliated company	28(f)	16,534	16,534
Short-term loan receivables	16	1,444,853	1,933,584
		1,579,116	2,411,510

(a) Other receivables

		(Unaudited) As at 30th June, 2022 RMB'000	(Audited) As at 31st December, 2021 RMB'000
Amounts due from Shenyang Huayixin Automobile Sales Co., Ltd. ("Huayixin")		2,925,900	2,925,900
Amounts due from Chenbao (Liaoning) Automobile Manufacturing Co., Ltd. ("Chenbao")		1,148,400	1,148,400
		4,074,300	4,074,300
Others		183,131	466,852
		4,257,431	4,541,152
Less: ECL allowance		(4,218,921)	(4,288,259)
		38,510	252,893

The amounts due from Huayixin arose from the loss of the unauthorised pledged short-term deposits of the Group for bank financing facilities of bank guaranteed notes issued by Huayixin as a result of failure of repayment by Huayixin. Full amount of ECL allowance was already recognised.

The amounts due from Chenbao are all unsecured and except for RMB240,000,000 (*As at 31st December, 2021: RMB240,000,000*) which is interest-bearing at 4.0% per annum but defaulted in settlement to the Group, the remaining balance of RMB908,400,000 (*As at 31st December, 2021: RMB908,400,000*) is interest-free and has no fixed repayment terms. Full amount of ECL allowance was already recognised.

All other receivables are denominated in Renminbi. The directors consider that the fair values of other receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods.

22. ACCOUNTS PAYABLE

	(Unaudited) As at 30th June, 2022 RMB'000	(Audited) As at 31st December, 2021 RMB'000
Accounts payable	269,055	823,527
Accounts payable to affiliated companies (note 28(g))	90,997	263,821
	360,052	1,087,348

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

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

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

23. OTHER CURRENT LIABILITIES

	(Unaudited) As at 30th June, 2022 RMB'000	(Audited) As at 31st December, 2021 RMB'000
Contract liabilities	3,377	63,916
Other payables	142,167	1,431,616
Accrued expenses	52,925	142,460
Deferred income	8,999	21,942
Other taxes payable	7,876	10,068
Provision for warranty	23(a) 590	15,301
Deferred government grants	23(b) 86,887	89,326
Lease liabilities	23(c) 43,052	85,345
Other borrowing	23(d) 57,812	193,934
Amounts due to affiliated companies	28(h) 141,419	815,851
	545,104	2,869,759
Less: non-current portion	(104,872)	(156,088)
Current portion	440,232	2,713,671

23. OTHER CURRENT LIABILITIES (Cont'd)

(a) Provision for warranty

	(Unaudited) As at 30th June, 2022 RMB'000	(Audited) As at 31st December, 2021 RMB'000
Warranty to be provided		
– within one year	590	8,647
– over one year	–	6,654
	590	15,301

(b) Deferred government grants

	(Unaudited) As at 30th June, 2022 RMB'000	(Audited) As at 31st December, 2021 RMB'000
Government grants to be recognised as income		
– within one year	4,879	4,880
– over one year	82,008	84,446
	86,887	89,326

(c) Lease liabilities

	(Unaudited) As at 30th June, 2022 RMB'000	(Audited) As at 31st December, 2021 RMB'000
Total minimum lease payments		
– due within one year	21,740	23,784
– due in the second to fifth years	23,582	40,773
– due after fifth years	–	41,622
	45,322	106,179
Less: future finance charges on lease liabilities	(2,270)	(20,834)
Present value of lease liabilities	43,052	85,345
Present value of minimum lease payments		
– due within one year	20,188	20,357
– due in the second to fifth years	22,864	32,802
– due after fifth years	–	32,186
	43,052	85,345
Less: portion due within one year included under current liabilities	(20,188)	(20,357)
Portion due after one year included under non-current liabilities	22,864	64,988

As at 30th June, 2022 and 31st December, 2021, some lease liabilities are effectively secured by the related underlying assets as the right-to-use assets would be reverted to the lessors in the event of default of repayment by the Group.

23. OTHER CURRENT LIABILITIES (Cont'd)

(d) Other borrowing

Other borrowing represents a borrowing from a financial institution of approximately RMB58 million (*As at 31st December, 2021: approximately RMB194 million*). Such borrowing is secured by loan receivables of approximately RMB113 million (*As at 31st December, 2021: approximately RMB295 million*) and the future interest income arising from those loan receivables. The borrowing is interest-bearing at rates ranging from 5.98% to 6.10% per annum (*As at 31st December, 2021: Same*) and repayable within one year.

24. BANK BORROWINGS

	(Unaudited) As at 30th June, 2022 RMB'000	(Audited) As at 31st December, 2021 RMB'000
<i>Short-term bank borrowings:</i>		
Secured bank borrowings	407,500	567,700
Unsecured bank borrowings	627,000	1,599,638
	1,034,500	2,167,338
 <i>Secured long-term bank borrowings</i>		
Due within one year	9,600	390,600
Due over one year	2,700	7,500
	12,300	398,100
	1,046,800	2,565,438

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

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

All long-term bank borrowings as at 30th June, 2022 were interest-bearing at rate of 5.23% per annum (*As at 31st December, 2021: 4.10% to 5.23% per annum*), repayable from 20th July, 2022 to 20th June, 2023 (*As at 31st December, 2021: repayable from 20th January, 2022 to 20th December, 2022*) for the portion due within one year and repayable from 20th July, 2023 to 20th October, 2023 (*As at 31st December, 2021: repayable from 20th January, 2023 to 20th October, 2023*) for portion due over one year. The secured long-term bank borrowings are secured by the Group's land lease prepayments with a net book value of approximately RMB28.4 million and buildings, plant and equipment with an aggregate net book value of approximately RMB39.6 million (*As at 31st December, 2021: the Group's land lease prepayments with a net book value of approximately RMB28.8 million, buildings, plant and equipment with an aggregate net book value of approximately RMB43.9 million and loan receivables of approximately RMB709.3 million*).

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

25. PROVISION FOR LOSS ON UNAUTHORISED GUARANTEES

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

26. SHARE CAPITAL

	(Unaudited)		(Audited)	
	As at 30th June, 2022		As at 31st December, 2021	
	Number of shares '000	Amount US\$'000	Number of shares '000	Amount US\$'000
Authorised:				
Ordinary shares at par value of US\$0.01 each	8,000,000	80,000	8,000,000	80,000

	(Unaudited)		(Audited)	
	As at 30th June, 2022		As at 31st December, 2021	
	Number of shares '000	Amount RMB'000	Number of shares '000	Amount RMB'000
Issued and fully paid:				
Ordinary shares at par value of US\$0.01 each				
At beginning of period/year and reporting date	5,045,269	397,176	5,045,269	397,176

The Company had no outstanding share option at both 30th June, 2022 and 31st December, 2021.

27. RESERVES

(a) Hedging reserve

It represents the Group's share of the hedging reserve in the equity of associates. Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk of a committed future transaction, the effective portion of any gains or losses on remeasurement of the derivative financial instrument to fair value are recognised in other comprehensive income and accumulated separately in equity in the hedging reserve.

(b) Capital reserve

In 2003, as approved by the board of directors of Shenyang XingYuanDong Automotive Components Co., Ltd. ("Xing Yuan Dong") in accordance with the relevant laws and regulations, dedicated capital of Xing Yuan Dong amounting to RMB120 million was released for capitalisation of paid-up registered capital. Such release of dedicated capital is credited to the capital reserve.

27. RESERVES (Cont'd)

(c) Retained earnings

The Group's retained earnings at 30th June, 2022 included an amount of approximately RMB1,733,824,000 (*As at 31st December, 2021: approximately RMB1,733,825,000*) reserved by the subsidiaries in the PRC in accordance with relevant PRC regulations. The PRC laws and regulations require companies registered in the PRC to allocate 10% of their profits after tax (determined under PRC GAAP) to their respective statutory reserves. No allocation to the statutory reserves is required after the balance of such reserve reaches 50% of the registered capital of the respective companies. The statutory surplus reserves shall only be used to make up losses of the Company, to expand the Company's production operations, or to increase the capital of the Company.

28. CONNECTED AND RELATED PARTY TRANSACTIONS

Related parties include those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. The Group is subject to the control of the PRC Government.

In accordance with HKAS24 (Revised) "Related Party Disclosures" ("**HKAS 24**"), other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC Government ("**government-related entities**") are regarded as related parties of the Group.

For the related party transactions disclosure purpose, an affiliated company is a company in which one or more of the directors or substantial shareholders of the Company have direct or indirect beneficial interests in the company or are in a position to exercise significant influence over the company, including joint ventures and associates of the Group. Parties are also considered to be affiliated if they are subject to common control or common significant influence.

In addition to the related party information shown elsewhere in the consolidated interim financial statements, the following is a summary of significant related party transactions entered into in the ordinary and usual course of business and balances between the Group and its related parties, including other government-related entities.

During the period under review, the Group had significant transactions and balances with the following related parties, some of which are also deemed to be connected persons pursuant to the Listing Rules.

Name	Relationship
Huachen	Major shareholder of the Company
Liaoning Shenhua Holdings Co., Ltd. (" Shenhua Holdings ")	Common directorship of certain directors of the Company
Brilliance Holdings Limited (" BHL ")	Common directorship of a director of the Company
Renault SAS	49% non-controlling interest of RBJAC

Huachen is a PRC government-related entity, and is a connected person of the Company under the Listing Rules, with which the Group has material transactions.

28. CONNECTED AND RELATED PARTY TRANSACTIONS (Cont'd)

- (a) The related party transactions in respect of items listed below also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules:

	(Unaudited)	
	For the six months ended	
	30th June,	
	2022	2021
	RMB'000	RMB'000
Sales of goods:		
– Huachen and its affiliated companies	–	28,799
Purchases of goods and services:		
– Renault SAS	–	22,311
– Huachen and its affiliated company	44	70,423
Comprehensive services provided to:		
– Huachen and its affiliated company	268	8,317
Rental income from:		
– Huachen	–	1,526
Leases payments rent to:		
– Huachen	–	1,906

- (b) In addition to the above or as disclosed elsewhere in these consolidated interim financial statements, the Group also had the following material related party transactions:

	(Unaudited)	
	For the six months ended	
	30th June,	
	2022	2021
	RMB'000	RMB'000
Sales of goods:		
– Shenhua Holdings and its affiliated companies	–	11,298
– A joint venture	3,541	5,999
– Associates	2,081	5,359
Purchases of goods:		
– A joint venture	–	542
– Associates	–	150,155
Other transactions:		
Comprehensive services provided for a joint venture	–	16,024
Interest income from		
– An associate	–	27,887
– Xinhua Investment Holdings Limited (“Xinhua Investment”)	–	4,289
Interest to a non-controlling interest of BBAFC	25,175	21,955
Services fee from a non-controlling interest of BBAFC	7,851	3,102
Other income from affiliated companies of Shenhua Holdings	–	1,027
Lease payments rent to Shenhua Holdings	296	335
Purchases of property, plant and equipment from associates	–	3,813

The above transactions were carried out after negotiations between the Group and the affiliated companies in the ordinary course of business and on the basis of estimated market values as determined by the directors.

28. CONNECTED AND RELATED PARTY TRANSACTIONS (Cont'd)

(c) As at 30th June, 2022, the Group's accounts receivable from affiliated companies consisted of the following:

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Accounts receivable from related parties:		
– RBJAC	437	–
– Shenhua Holdings and its affiliated companies	10,416	10,416
– Huachen and its affiliated companies	99,083	238,830
– Associates	2,221	2,747
– A joint venture	1,722	1,514
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	113,879	253,507
Less: ECL allowance	(110,265)	(249,402)
	<hr/>	<hr/>
	3,614	4,105

The Group's credit policy is to offer credit to affiliated companies following financial assessment and established payment track record. These affiliated companies are generally required to settle 25% to 33% of the previous month's ending balances.

The directors consider that the fair values of accounts receivable from affiliated companies which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception. The fair values are within level 2 of the fair value hierarchy.

The aging analysis of accounts receivable due from affiliated companies based on invoice date is as follows:

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Less than six months	11,763	4,621
Six months to one year	50,342	1,797
Above one year but less than two years	901	31,054
Above two years but less than five years	26,979	193,969
Five years or above	23,894	22,066
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	113,879	253,507

28. CONNECTED AND RELATED PARTY TRANSACTIONS (Cont'd)

- (d) As at 30th June, 2022, the Group's notes receivable from affiliated companies arising from trading activities consisted of the following:

	(Unaudited) As at 30th June, 2022 RMB'000	(Audited) As at 31st December, 2021 RMB'000
Notes receivable from related parties:		
– An affiliated company of Shenhua Holdings	–	2,740
– Associates	129	1,605
	129	4,345

All notes receivable from affiliated companies are guaranteed by established banks in the PRC and have maturities of six months or less from 30th June, 2022 (As at 31st December, 2021: same). For the same reason as stated in note 20, the notes receivable from affiliated companies are classified as financial assets at FVOCI (recycling) and stated at fair value. The fair value is within level 2 of the fair value hierarchy.

- (e) As at 30th June, 2022, the amounts due from affiliated companies consisted of:

	(Unaudited) As at 30th June, 2022 RMB'000	(Audited) As at 31st December, 2021 RMB'000
Amounts due from related parties:		
– RBJAC	372,273	–
– A joint venture	–	8,100
– Associates	1,587,144	1,586,878
– An affiliated company of Shenhua Holdings	145	44
– Huachen and its affiliated companies	500,025	688,911
– Xinhua Investment	364,924	364,924
– Non-controlling interest of a subsidiary	19,264	11,092
– A company with a common management personnel of a subsidiary of the Group	404,000	404,000
	3,247,775	3,063,949
Less: ECL allowance	(3,224,713)	(3,041,681)
	23,062	22,268

RMB364,924,000 (As at 31st December, 2021: RMB364,924,000) due from Xinhua Investment, a shareholder of Xinchen China Power Holdings Limited, an associate of the Group, is secured by all its assets, interest-bearing at 3% per annum (As at 31st December, 2021: 3% per annum) on the principal and repayable in August 2022 but defaulted. Accordingly full amount of ECL allowance was already provided.

Included in amounts due from associates are unsecured, interest-bearing from 5.10% to 8.10% and interest-free advances of RMB668,000,000 (As at 31st December, 2021: RMB668,000,000) and interest-free loan of RMB190,000,000 (As at 31st December, 2021: RMB190,000,000) to Shenyang ChenFa Automobile Component Co., Ltd. ("ChenFa") and RMB640,000,000 (At 31st December, 2021: RMB640,000,000) due from Shenyang Brilliance Power Train Machinery Co., Ltd. ("Brilliance Power"). Full amount of ECL allowance was already provided.

The amount due from RBJAC represents the settlement of a bank borrowing of RBJAC by the Group as a subsidiary of the Group provided the guarantee for the respective bank borrowing. There is no other guarantee provided by the Group for any outstanding bank borrowings of RBJAC as at 30th June, 2022.

Except for the amounts due from Xinhua Investment and ChenFa mentioned above, the other amounts due from affiliated companies are unsecured, interest-free and repayable on demand.

28. CONNECTED AND RELATED PARTY TRANSACTIONS (Cont'd)

- (f) As at 30th June, 2022, dividend receivable from an affiliated company represents dividend receivable from an associate of the Group (2021: same).
- (g) As at 30th June, 2022, accounts payable to affiliated companies arising from trading activities consisted of the following:

	(Unaudited) As at 30th June, 2022 RMB'000	(Audited) As at 31st December, 2021 RMB'000
Accounts payable to related parties:		
– RBJAC	9,661	–
– Associates	52,479	150,178
– A joint venture	–	42
– Huachen and its affiliated companies	28,846	108,094
– An affiliated company of BHL	11	364
– Shenhua Holdings and its affiliated companies	–	5,143
	90,997	263,821

The accounts payable to affiliated companies are unsecured and interest-free. Accounts payable to affiliated companies are generally settled on a monthly basis at 25% to 33% of the previous month's ending balance. The aging analysis of accounts payable to affiliated companies based on invoice date is as follows:

	(Unaudited) As at 30th June, 2022 RMB'000	(Audited) As at 31st December, 2021 RMB'000
Less than six months	277	36,902
Six months to one year	20,559	128,822
Above one year but less than two years	67,484	60,468
Two years or above	2,677	37,629
	90,997	263,821

- (h) As at 30th June, 2022, amounts due to affiliated companies consisted of the following:

	(Unaudited) As at 30th June, 2022 RMB'000	(Audited) As at 31st December, 2021 RMB'000
Amounts due to related parties:		
– RBJAC	111,313	–
– An associate	–	6,876
– A joint venture	–	5,723
– Huachen and its affiliated companies	323	64,374
– Affiliated companies of BHL	28,116	27,861
– Affiliated companies of Shenhua Holdings	–	1,359
– Non-controlling interests of subsidiaries	1,667	709,658
	141,419	815,851

Amounts due to affiliated companies are unsecured, interest-free and repayable on demand.

28. **CONNECTED AND RELATED PARTY TRANSACTIONS (Cont'd)**

- (i) No lease liabilities due to Huachen as at 30th June, 2022 (As at 31st December, 2021: RMB42,082,000).
- (j) Compensation benefits to key management personnel are as follows:

	(Unaudited)	
	For the six months ended	
	30th June,	
	2022	2021
	RMB'000	RMB'000
Short-term employee benefits	12,313	12,387

- (k) Transactions and balances with other state-owned enterprises in the PRC

The Group operates in an economic environment predominated by government-related entities. During the period under review, the Group had entered into various transactions with government-related entities including, but not limited to, sales of automobiles and automotive components, purchases of raw materials and automotive components, and utilities services.

The directors consider that transactions with other government-related entities are activities in the ordinary course of the Group's business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and other government-related entities are ultimately controlled or owned by the PRC Government. The Group has established pricing policies for its products and services, and such pricing policies do not depend on whether or not the customers are government-related entities. Having due regard to the substance of the relationships, the directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure except for the transactions with government-related entities as disclosed above and majority parts of bank balances, short-term and pledged short-term deposits with and bank borrowings, general banking facilities and utilities services from state-owned financial institutions. Thus, the Company adopts HKAS 24 which grants exemption on disclosure requirements about government-related entities. The directors are of the opinion that such transactions were conducted in the ordinary course of business and in accordance with normal commercial terms.

29. **COMMITMENTS**

- (a) **Capital commitments**

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2022	2021
	RMB'000	RMB'000
Contracted but not provided for:		
– Construction projects	183	87,554
– Acquisition of plant and machinery	3,435	378,175
– Others	–	367,174
	3,618	832,903

The above capital commitments as at 31st December, 2021 consisted of capital commitments of approximately RMB820,282,000 contracted but not provided for by RBJAC which was deconsolidated in the first six months ended 30th June, 2022.

29. COMMITMENTS (Cont'd)

(b) Operating lease commitments

As lessee

As at 30th June, 2022, the lease commitments for short-term leases are as follows:

	(Unaudited) As at 30th June, 2022 <i>RMB'000</i>	(Audited) As at 31st December, 2021 <i>RMB'000</i>
Within one year	380	290

As lessor

As at 30th June, 2022, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of factory and office buildings and plant and machinery as follows:

	(Unaudited) As at 30th June, 2022 <i>RMB'000</i>	(Audited) As at 31st December, 2021 <i>RMB'000</i>
Within one year	388	3,972
In the second to fifth years inclusive	1,550	4,938
Over five years	969	1,033
	2,907	9,943

MANAGEMENT'S DISCUSSION & ANALYSIS

Business Discussion and Analysis

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Prospects

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

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

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

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

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

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

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

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

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

Liquidity and Financial Resources

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

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

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

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

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

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

Capital Structure and Funding Policies

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

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

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

Capital Expenditures and Commitments

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

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

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

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

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

New Business and New Products

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

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

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

Employees, Remuneration Policy and Training Programmes

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

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

Charge on Assets

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

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

In addition, as at 30th June, 2022, the Group pledged short-term bank deposits in an aggregate amount of RMB164.3 million (*As at 31st December, 2021: RMB164.5 million*) for issue of bank guaranteed notes by the Group for settlements of accounts payable. For details, please refer to note 18 of this report.

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

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

Future Plans for Material Investments or Additions of Capital Assets

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

Gearing Ratio

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

Foreign Exchange Risks

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

Contingent Liabilities

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

DIVIDENDS

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

UPDATE ON DIRECTORS' INFORMATION

There have not been any change in information of the directors of the Company since the date of the 2021 annual report and up to the date of this report (i.e. 7th September, 2022), that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30th June, 2022, so far as is known to the directors or chief executives of the Company, the following persons other than a director or chief executive of the Company had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"):

Name of shareholders	Long position	%	Number and class of shares held/ Approximate shareholding percentage (Note 1)			
			Short position	%	Lending pool	%
Baillie Gifford & Co (Note 2)	503,756,000 ordinary	9.98	-	-	-	-
Huachen (Note 3)	1,535,074,988 ordinary	30.43	-	-	-	-
Liaoning Provincial Transportation Investment Group Co. Ltd. ("LPTI") (Note 4)	600,000,000 ordinary	11.89	-	-	-	-
Liaoning Transportation Investment Co., Ltd. ("LTI") (Note 4)	600,000,000 ordinary	11.89	-	-	-	-
Liaoning Xinrui Automotive Industry Development Co., Ltd. ("Liaoning Xinrui") (Note 3)	1,535,074,988 ordinary	30.43	-	-	-	-

Notes:

- (1) The percentage of shareholding is calculated on the basis of 5,045,269,388 shares in issue of the Company as at 30th June, 2022.
- (2) The 503,756,000 shares in long position were held as to 89,852,000 shares in the capacity as investment manager and as to 413,904,000 shares as corporate interest.
- (3) According to the disclosure of interest notice filed by Huachen on 5th November, 2020, Liaoning Xinrui held direct interest in 1,535,074,988 shares and is a wholly-owned subsidiary of Huachen. Therefore, Huachen is deemed to be interested in the interest of Liaoning Xinrui in the Company by virtue of the SFO. The 1,535,074,988 shares in long position were held by Huachen in the capacity as corporate interest, and by Liaoning Xinrui in the capacity as beneficial owner.
- (4) According to the disclosure of interest notice filed by LPTI on 9th July, 2020, LTI held direct interest in 600,000,000 shares and is owned as to 83.68% by LPTI. Therefore, LPTI is deemed to be interested in the interest of LTI in the Company by virtue of the SFO. The 600,000,000 shares in long position were held by LPTI in the capacity as corporate interest, and by LTI in the capacity as beneficial owner.

Save as disclosed herein, as at 30th June, 2022, there was no other person so far as is known to the directors or chief executives of the Company, other than a director or chief executive of the Company, as having an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30th June, 2022, the interests and short positions of each director, chief executive and their respective close associates in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the SEHK, are set out below:

The Company

Name of director/ chief executives	Type of interests	Number and class of shares held/ Approximate shareholding percentage (Note)				Number of share options granted (Percentage of the Company's issued share capital)
		Long position	%	Short position	%	
Mr. Wu Xiao An (also known as Mr. Ng Siu On)	Personal	6,200,000 ordinary	0.12	-	-	-

Note: The percentage of shareholding is calculated on the basis of 5,045,269,388 shares in issue of the Company as at 30th June, 2022.

Associated Corporation of the Company

Name of director/ chief executive	Name of associated corporation	Type of interests	Number and class of shares held/ Approximate shareholding percentage (Note 1)			
			Long position	%	Short position	%
Mr. Wu Xiao An	Xinchen China Power Holdings Limited ("Power Xinchen")	Trustee and interest in a controlled corporation (Note 2)	33,993,385 ordinary	2.65	-	-
		Beneficial owner (in shares) (Note 3)	8,320,041 ordinary	0.65	-	-

Notes:

1. The percentage of shareholding is calculated on the basis of 1,282,211,794 shares in issue of Power Xinchen as at 30th June, 2022.
2. As at 30th June, 2022, Power Xinchen was indirectly held as to approximately 31.20% by the Company. The 33,993,385 shares in long position are interests of a discretionary trust under an incentive scheme of Power Xinchen. The said trust held 33,993,385 shares of Power Xinchen. Mr. Wu Xiao An is one of the trustees of the aforementioned trust. Mr. Wu also held 50% interests in Lead In Management Limited which is also a trustee of the said trust. Accordingly, Mr. Wu was deemed or taken to be interested in the 33,993,385 shares of Power Xinchen, representing approximately 2.65% of its issued share capital as at 30th June, 2022.
3. Mr. Wu Xiao An held 8,320,041 shares of Power Xinchen in the capacity of beneficial owner, representing approximately 0.65% of its issued share capital as at 30th June, 2022.

Save as disclosed above, as at 30th June, 2022, none of the directors, chief executives of the Company or their respective close associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered into the register referred to therein; or were required pursuant to the Model Code to be notified to the Company and the SEHK.

SHARE OPTIONS

To provide appropriate incentives or rewards to eligible persons for their contributions or potential contributions to the Group or any entity in which the Group holds any equity interest (the “**Invested Entity**”), the Board considers that it is in the interests of the Company to adopt a new share option scheme. At the annual general meeting held on 4th June, 2019, shareholders of the Company adopted a share option scheme (the “**Share Option Scheme**”).

The Share Option Scheme came into effect on 5th June, 2019 and will remain in force for a period of 10 years till 4th June, 2029 (inclusive). The period during which an option may be exercised will be determined by the directors at their absolute discretion, save that no option shall be exercised later than 10 years from the date of grant. A consideration of HK\$1 is payable on acceptance of the offer of grant of a share option.

The maximum number of shares which may be issued pursuant to the Share Option Scheme and any other option schemes (if any) is 504,526,938 shares, representing approximately 10% of the total number of issued shares as at the date of this report. The total number of shares issued and which may fall to be issued upon exercise of the share options granted under the Share Option Scheme and any other share option scheme of the Company (including both exercised or outstanding share options) to each participant in any 12-month period shall not exceed 1 per cent. of the issued share capital of the Company for the time being (the “**Individual Limit**”). Any further grant of share options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant, shall be subject to the issue of a circular to the Shareholders and the Shareholders’ approval in general meeting of the Company with such participant and his or her close associates (or his or her associates if the participant is a connected person) abstaining from voting.

As at 30th June, 2022, there was no outstanding share option under the Share Option Scheme.

During the six months ended 30th June, 2022:

- (a) no share options under the Share Option Scheme have been granted, exercised, lapsed or cancelled;
- (b) no share options under the Share Option Scheme have been granted to any associates of the directors, chief executive or substantial shareholders of the Company;
- (c) there is no participant with options granted in excess of the individual limit; and
- (d) no share options under the Share Option Scheme have been granted to any supplier of goods or services to any member of the Group or any Invested Entity.

As no share options have been granted by the Company under the Share Option Scheme for the six months ended 30th June, 2022, no expenses were recognised by the Group for the period under review (*Six months ended 30th June, 2021: nil*).

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

REVIEW OF FINANCIAL STATEMENTS

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to appointment of sufficient number of independent non-executive directors and at least an independent non-executive director with appropriate professional qualifications, or accounting or related financial management expertise. At present, the Board comprises three independent non-executive directors, representing at least one-third of the Board and one of whom has accounting expertise.

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

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors, each director of the Company has confirmed that he has complied with the standards set out in the Model Code during the six months ended 30th June, 2022.

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

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

a) **Restructuring of Huachen**

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

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

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

c) **Restructuring of RBJAC**

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

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

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

e) **Litigations against the Group**

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

- (ii) China Everbright Bank has brought a claim against SJAI and 華晨汽車(鐵嶺)專用車有限公司 (Huachen Automotive (Tieling) Special Purpose Vehicle Co., Ltd.) (“**Huachen Tieling**”), an associate of Huachen, in the sum of approximately RMB30 million (inclusive of interests accrued, legal costs and other costs and expenses) (the “**CEB RMB30 million Proceeding**”). The CEB RMB30 million Proceeding was heard by the Shenyang Intermediate People’s Court on 15th July, 2021. On 11th March, 2022, the Shenyang Intermediate People’s Court issued its judgment in relation to the CEB RMB30 million Proceeding (the “**CEB RMB30 million Proceeding Trial Judgment**”). The CEB RMB30 million Proceeding Trial Judgment stipulates that (1) Huachen Tieling shall (i) repay China Everbright Bank the principal of the loan in the amount of RMB29,543,496.84, interest accrued up to the date of repayment (as of 19th April, 2021, the total accrued interest amounted to RMB488,132.43) calculated in accordance with the terms of the loan agreement and legal fees of China Everbright Bank in the amount of RMB100,000 (together the “**CEB RMB30 million Repayment Order**”); and (ii) be liable for the case acceptance fee, and 50% of the preservation fee; and (2) SJAI shall be liable for (i) 50% of such amount of the CEB RMB30 million Repayment Order which cannot be discharged by Huachen Tieling; (ii) up to 50% of the case acceptance fee subject to the extent discharged by Huachen Tieling; and (iii) 50% of the preservation fee. At the request of China Everbright Bank, the Shenyang Intermediate People’s Court had also simultaneously issued a court order on 11th March, 2022 for the seizure of assets of Huachen Tieling and SJAI with the aggregate value of RMB30,131,629.27 (the “**CEB RMB30 million Seizure Order**”) as preservation for the CEB RMB30 million Repayment Order.
- (iii) China Everbright Bank has brought a claim against SJAI in the sum of approximately RMB156 million (inclusive of interests accrued, legal costs and other costs and expenses) (the “**CEB RMB156 million Proceeding**”). The CEB RMB156 million Proceeding was heard by the Shenyang Intermediate People’s Court on 27th August, 2021. On 8th December, 2021, the Shenyang Intermediate People’s Court issued its judgment in relation to the CEB RMB156 million Proceeding (the “**CEB RMB156 million Proceeding Trial Judgment**”). The CEB RMB156 million Proceeding Trial Judgment stipulates that SJAI shall (i) repay China Everbright Bank 50% of the principal of the loan together with interest in the amount of RMB155,602,540.41; and (ii) be liable for 50% of the case acceptance fee. China Everbright Bank has filed an appeal to the Liaoning High People’s Court in relation to the CEB RMB156 million Proceeding Trial Judgment.
- (iv) China Everbright Bank has brought a claim against SJAI in the sum of approximately RMB208 million (inclusive of interests accrued, legal costs and other costs and expenses) (the “**CEB RMB208 million Proceeding**”). The CEB RMB208 million Proceeding was heard by the Shenyang Intermediate People’s Court on 8th October, 2021. On 28th February, 2022, the Shenyang Intermediate People’s Court issued its judgment in relation to the CEB RMB208 million Proceeding (the “**CEB RMB208 million Proceeding Trial Judgment**”). The CEB RMB208 million Proceeding Trial Judgment stipulates that SJAI shall (i) repay China Everbright Bank 50% of the principal of the loan together with interest in the amount of RMB205,901,500.01; and (ii) be liable for 50% of the case acceptance fee, and the preservation fee in the amount of RMB5,000.

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

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

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

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

UPDATE ON RESUMPTION OF TRADING

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

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

Fulfillment of Resumption Guidance

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

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

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

BOARD OF DIRECTORS

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

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

Hong Kong, 7th September, 2022