

**BRILLIANCE
CHINA AUTOMOTIVE
HOLDINGS LIMITED**

(華晨中國汽車控股有限公司)*

(Incorporated in Bermuda with limited liability)

Stock Code : 1114

Brilliance Auto
華 晨 汽 車



Interim
Report

2024

**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, 2024. 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, | |
| | | 2024 | 2023 |
| | Note | RMB'000 | RMB'000 |
| Revenue | 5 | 518,038 | 507,855 |
| Cost of sales | | <u>(414,486)</u> | <u>(365,540)</u> |
| Gross profit | | 103,552 | 142,315 |
| Other income | | 8,088 | 19,588 |
| Interest income | | 295,169 | 348,850 |
| Selling expenses | | (12,463) | (19,306) |
| General and administrative expenses | | (176,593) | (201,533) |
| Net expected credit loss (“ECL”) allowance on loans and receivables | | (13,888) | (25,683) |
| Finance costs | 6 | (786) | (1,041) |
| Share of results of associates | | <u>2,734,677</u> | <u>3,759,457</u> |
| Profit before income tax expense | 7 | 2,937,756 | 4,022,647 |
| Income tax expense | 9 | <u>(1,472,119)</u> | <u>(277,161)</u> |
| Profit for the period | | <u>1,465,637</u> | <u>3,745,486</u> |
| Attributable to: | | | |
| Equity holders of the Company | | 1,473,258 | 3,744,137 |
| Non-controlling interests | | <u>(7,621)</u> | <u>1,349</u> |
| | | <u>1,465,637</u> | <u>3,745,486</u> |
| Earnings per share | 10 | | |
| – Basic | | RMB0.29201 | RMB0.74211 |
| – Diluted | | RMB0.29201 | RMB0.74211 |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | (Unaudited) | |
|--|--------------------------|----------------|
| | For the six months ended | |
| | 30th June, | |
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Profit for the period | 1,465,637 | 3,745,486 |
| Other comprehensive (expense) income that will be subsequently reclassified to consolidated statement of profit or loss, net of tax | | |
| Share of other comprehensive (expense) income of associates | (270,274) | 988,483 |
| Fair value loss on notes receivable at fair value through other comprehensive income ("FVOCI") | (157) | (141) |
| | (270,431) | 988,342 |
| Other comprehensive income (expense) that will not be subsequently reclassified to consolidated statement of profit or loss, net of tax | | |
| Change in fair value of equity investments | 807 | (2,320) |
| | (269,624) | 986,022 |
| Total comprehensive income for the period | 1,196,013 | 4,731,508 |
| Attributable to: | | |
| Equity holders of the Company | 1,203,634 | 4,730,159 |
| Non-controlling interests | (7,621) | 1,349 |
| | 1,196,013 | 4,731,508 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | (Unaudited) As at 30th June, 2024 | (Audited) As at 31st December, 2023 |
|---|------|--|--|
| | Note | RMB'000 | RMB'000 |
| Non-current assets | | | |
| Intangible assets | 12 | 143,928 | 32,084 |
| Property, plant and equipment | 12 | 1,247,443 | 401,627 |
| Land lease prepayments | 12 | 72,851 | 73,911 |
| Interests in associates | 13 | 11,500,438 | 16,690,022 |
| Equity investments | 14 | 6,716 | 5,909 |
| Long-term loan receivables | 15 | 1,832,881 | 2,237,756 |
| Prepayment for investment | 4 | – | 282,557 |
| Other non-current assets | | 130,272 | 128,074 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 14,934,529 | 19,851,940 |
| Current assets | | | |
| Cash and cash equivalents | 16 | 27,346,117 | 30,845,795 |
| Statutory deposit reserves at central bank | | 47,500 | 57,500 |
| Short-term bank deposits | 17 | 645,868 | 2,500,975 |
| Inventories | | 293,559 | 127,438 |
| Accounts receivable | 18 | 316,486 | 344,050 |
| Notes receivable | 19 | 122,208 | 99,918 |
| Short-term loan receivables | 15 | 1,059,455 | 1,192,100 |
| Other current assets | 20 | 3,528,552 | 134,904 |
| | | <hr/> | <hr/> |
| | | 33,359,745 | 35,302,680 |
| Assets held for disposal | 4 | 334,027 | – |
| | | <hr/> | <hr/> |
| Total current assets | | 33,693,772 | 35,302,680 |
| Current liabilities | | | |
| Accounts payable | 21 | 265,563 | 297,280 |
| Notes payable | | 245,894 | 219,330 |
| Other current liabilities | 22 | 20,657,435 | 264,670 |
| Short-term bank borrowings | 23 | 570,000 | 924,500 |
| Income tax payable | | 4,245 | 2,940 |
| Provision for loss on unauthorised guarantees | 24 | 593,511 | 1,469,944 |
| | | <hr/> | <hr/> |
| Total current liabilities | | 22,336,648 | 3,178,664 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

| | | (Unaudited) | (Audited) |
|--|-------------|-----------------------|----------------|
| | | As at | As at |
| | | 30th June, | 31st December, |
| | | 2024 | 2023 |
| | <i>Note</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Net current assets | | 11,357,124 | 32,124,016 |
| Total assets less current liabilities | | 26,291,653 | 51,975,956 |
| Non-current liabilities | | | |
| Other non-current liabilities | 22 | 96,086 | 84,821 |
| Net assets | | 26,195,567 | 51,891,135 |
| Capital and reserves | | | |
| Share capital | 25 | 397,176 | 397,176 |
| Reserves | 26 | 24,713,658 | 50,720,928 |
| Total equity attributable to equity holders of the Company | | 25,110,834 | 51,118,104 |
| Non-controlling interests | | 1,084,733 | 773,031 |
| Total equity | | 26,195,567 | 51,891,135 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30th June, 2023 (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 | FOCI reserve RMB'000 | Cumulative translation adjustments reserve RMB'000 | Capital reserve RMB'000 | | | |
| As at 1st January, 2023 | 397,176 | (186,879) | 2,476,082 | (5,709) | (308) | 39,179 | 120,000 | 48,605,713 | 771,573 | 52,216,827 |
| Transactions with equity holders of the Company | | | | | | | | | | |
| Dividends (note 11) | - | - | - | - | - | - | - | (4,178,452) | - | (4,178,452) |
| Profit for the period | - | - | - | - | - | - | - | 3,744,137 | 1,349 | 3,745,486 |
| Other comprehensive income | | | | | | | | | | |
| Share of other comprehensive income of associates | - | 988,476 | - | - | 7 | - | - | - | - | 988,483 |
| Change in fair value of financial assets | - | - | - | (2,320) | (141) | - | - | - | - | (2,461) |
| Total other comprehensive income | - | 988,476 | - | (2,320) | (134) | - | - | - | - | 986,022 |
| Total comprehensive income | - | 988,476 | - | (2,320) | (134) | - | - | 3,744,137 | 1,349 | 4,731,508 |
| As at 30th June, 2023 | 397,176 | 801,397 | 2,476,082 | (8,029) | (442) | 39,179 | 120,000 | 48,171,398 | 772,922 | 51,996,961 |
| | | | | | | | | | | 52,769,883 |

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

Six months ended 30th June, 2024 (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 | FOCI reserve RMB'000 | Cumulative transition adjustments reserve RMB'000 | Capital reserve RMB'000 | | | | Retained earnings RMB'000 |
| As at 1st January, 2024 | 397,176 | 377,034 | 2,476,082 | (9,724) | (607) | 39,179 | 120,000 | 47,718,864 | 51,118,104 | 773,031 | 51,891,135 |
| Transactions with equity holders of the Company | | | | | | | | | | | |
| Reconsolidating a subsidiary | - | - | - | - | - | - | - | - | - | 319,323 | 319,323 |
| Dividends (note 1f) | - | - | - | - | - | - | - | (27,210,904) | (27,210,904) | - | (27,210,904) |
| Profit for the period | - | - | - | - | - | - | - | (27,210,904) | (27,210,904) | 319,323 | (26,891,581) |
| Other comprehensive expense | - | - | - | - | - | - | - | 1,473,258 | 1,473,258 | (7,621) | 1,465,637 |
| Share of other comprehensive expense of associates | - | (270,281) | - | - | 7 | - | - | - | (270,274) | - | (270,274) |
| Change in fair value of financial assets | - | - | - | 807 | (157) | - | - | - | 650 | - | 650 |
| Total other comprehensive expense | - | (270,281) | - | 807 | (150) | - | - | - | (269,624) | - | (269,624) |
| Total comprehensive income | - | (270,281) | - | 807 | (150) | - | - | 1,473,258 | 1,203,634 | (7,621) | 1,196,013 |
| As at 30th June, 2024 | 397,176 | 106,753 | 2,476,082 | (8,917) | (657) | 39,179 | 120,000 | 21,981,218 | 25,110,534 | 1,084,733 | 26,195,567 |

CONSOLIDATED STATEMENT OF CASH FLOWS

| | (Unaudited) | |
|---|---------------------------------|-----------------------|
| | For the six months ended | |
| | 30th June, | |
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Net cash used in operating activities | (675,034) | (600,607) |
| Net cash generated from investing activities | 5,433,600 | 409,107 |
| Net cash used in financing activities | (8,258,244) | (3,650,177) |
| Decrease in cash and cash equivalents | (3,499,678) | (3,841,677) |
| Cash and cash equivalents, as at 1st January | 30,845,795 | 28,463,276 |
| Cash and cash equivalents, as at 30th June | 27,346,117 | 24,621,599 |

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").

During the six months ended 30th June, 2024, Shenyang Automobile Co., Ltd. ("Shenyang Automobile") acquired 100% equity interest of Huachen Automotive Group Holdings Company Limited ("Huachen") of which its wholly owned subsidiary, Shenyang Shanshi Automotive Industry Development Co. Ltd. has acquired on 26th June, 2024 all 29.99% of the issued share capital of the Company from Huachen's another wholly-owned subsidiary, Liaoning Xinrui Automotive Industry Development Co., Ltd. Accordingly, Shenyang Automobile also indirectly holds 29.99% of the shares in the Company and is considered as the single largest shareholder of the Company.

During the period, Renault Brilliance Jinbei Automotive Company Limited ("RBJAC"), a subsidiary deconsolidated from the Group since 2022, was reconsolidated into the Group in the six months ended 30th June, 2024 for the reason as detailed in note 4.

The principal activities of the Group are set out in note 5 to these consolidated interim financial statements.

2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES

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

These consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the consolidated annual financial statements for the year ended 31st December, 2023, except for the adoption of the amended HKFRSs (which include individual HKFRSs, HKASs and interpretations) as disclosed in note 3 to these consolidated interim financial statements.

These consolidated interim financial statements are unaudited and do not include all the information and disclosures required in the consolidated annual financial statements, and should be read in conjunction with the Group's consolidated annual financial statements for the year ended 31st December, 2023.

3. ADOPTION OF AMENDED HKFRSs

In the current period, the Group has applied for the first time the following amended HKFRSs (the "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, 2024.

| | |
|----------------------------------|--|
| Amendments to HKAS 1 | Non-current Liabilities with Covenants |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangement |
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback |

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

4. RECONSOLIDATION OF RBJAC AND ITS RESPECT ASSETS HELD FOR DISPOSAL

In the six months ended 30th June, 2022, the Group lost its control in RBJAC as a result of its restructuring (the "RBJAC Restructuring") as ordered by the Shenyang Intermediate People's Court and RBJAC was deconsolidated from the Group since the loss of control by the Group.

As part of the RBJAC Restructuring approved by the Shenyang Intermediate People's Court,

- (i) the entire amount of the previous paid-up capital of RBJAC held by Shenyang JinBei Automotive Industry Holdings Co., Ltd. ("SJAI", a subsidiary of the Group) and Renault SAS, respectively, was reduced to nil;
- (ii) all the previous debt owed by RBJAC to Shenyang XingYuanDong Automobile Component Co., Ltd ("Xing Yuan Dong") and Renault SAS (the "Shareholders Debt") in the amount of approximately RMB1.668 billion and RMB711 million, respectively, were capitalised into shareholders' equity of RBJAC after the previous paid-up registered capital was reduced to nil; and
- (iii) a capital contribution in the amount of up to RMB1.36 billion in cash (the "Capital Contribution") was injected into RBJAC by SJAI for the purpose of restructuring certain indebtedness of RBJAC.

The Group injected by 31st December, 2023 approximately RMB282,557,000, which was recognised as prepayment for investment, and approximately RMB1,054,355,000 in the first half of 2024. As such, the Group has contributed in aggregate of approximately RMB1,336,912,000 which is less than the approved maximum level of the Capital Contribution of RMB1.36 billion by the Board. The RBJAC Restructuring was completed in the six months ended 30th June, 2024. As a result, the Group has regained the control of RBJAC from the administrator of the RBJAC Restructuring and holds effectively 80.72% of its paid-up registered capital.

The fair value of identifiable net assets of RBJAC at time the Group regained the control and reconsolidating the financial statements of RBJAC were as follows:

| | (Unaudited) RMB'000 |
|---|------------------------|
| Non-current assets | 1,317,903 |
| Current assets | 598,169 |
| Current liabilities | (259,837) |
| Total net assets | 1,656,235 |
| Non-controlling interests | (319,323) |
| Capital Contribution | 1,336,912 |
| Less: Capital Contribution paid in prior year and recognised as prepayment for investment | (282,557) |
| Capital Contribution paid in the period | 1,054,355 |
| Bank balances and cash of RBJAC | 51,017 |
| Capital Contribution paid in the period | (1,054,355) |
| Net cash paid at time of reconsolidation of RBJAC | (1,003,338) |

In relation to the expropriation plan of Shenyang Dadong District People's Government (the "Dadong Government"), a government-mandated expropriation, after continuing discussion and negotiation since April 2024, on 16th July, 2024, RBJAC entered into an expropriation compensation agreement (the "Agreement") with the Dadong Government that RBJAC's factory and office premises will be expropriated by the Dadong Government. In return, the Dadong Government agreed to a total monetary compensation of RMB451,401,416, which shall be payable to RBJAC,

- i) as to RMB90,280,283 within 30 days from the date of delivery by RBJAC of all relevant ownership documents and certificates required for applying for land ownership registration and property cancellation registration, and
- ii) the balance of RMB361,121,133 on or before 31st March, 2025 upon delivery of the expropriated land and building by RBJAC.

4. RECONSOLIDATION OF RBJAC AND ITS RESPECT ASSETS HELD FOR DISPOSAL (Cont'd)

RBJAC also on 16th July, 2024, acquired a right-of-use asset of leasehold land and building by entering into a 10-year lease agreement, which commenced within 30 days from 16th July, 2024, for its new factory and office in the same city with a rent-free period for the initial 3 years. The annual lease payments will be subject to negotiation every three years thereafter but no more than RMB15.65 million for the fourth to sixth years; no more than 3% of the previous annual lease payments in the fourth to sixth years for the seventh to ninth years and; no more than 3% of the previous annual lease payments in the seventh to ninth years for the tenth year.

The relocation of RBJAC's office and factory is still in progress up to the date of these consolidated financial statements but it is expected that it will be substantially completed within 2024.

The assets attributable to the factory and office premises relate to the property, plant and equipment with net book value at 30th June, 2024 of approximately RMB334,027,000. These assets were expected to be disposed of due to the expropriation within twelve months, had been classified as assets held for disposal and were presented separately in the consolidated statement of financial position. The property, plant and equipment were included in the Group's manufacture and sale of automotive components business segment had no expropriation. The net proceeds of disposal as mentioned above exceed the net carrying amounts of the relevant assets and accordingly, no impairment loss has been recognised.

5. REVENUE AND SEGMENT INFORMATION

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

Revenue earned during the period represents:

| | (Unaudited) | |
|--|--------------------------|----------------|
| | For the six months ended | |
| | 30th June, | |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Sale of automotive components, net of taxes, discounts and return | 405,380 | 381,079 |
| Interest and service charge income from provision of auto financing service, net of other indirect taxes | 112,658 | 126,776 |
| | 518,038 | 507,855 |

The Group has identified the following reportable segments:

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

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

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

Segment assets include all assets other than interests in associates, equity investments, prepayment for investment and assets held for disposal. 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.

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

Revenue and results by reportable segments and reconciliation of segment results to profit before income tax expense for the period – for the six months ended 30th June, 2024

| (Unaudited) | | | | | |
|--|---|---|--|--|-------------------------|
| | Manufacture and sale of non-BMW vehicles and automotive components <i>RMB'000</i> | Manufacture and sale of BMW vehicles and components <i>RMB'000</i> | Provision of auto financing service <i>RMB'000</i> | Reconciliation to the Group's consolidated statement of profit or loss and intersegment elimination <i>RMB'000</i> | Total <i>RMB'000</i> |
| Segment sales to external customers | 405,380 | 111,521,948 | 112,658 | (111,521,948) | 518,038 |
| Segment results | (31,995) | 10,939,670 | (9,441) | (10,922,596) | (24,362) |
| Unallocated costs net of unallocated revenue | | | | | (66,942) |
| Interest income | | | | | 295,169 |
| Finance costs | | | | | (786) |
| Share of results of associates | (241) | 2,734,918 | - | - | 2,734,677 |
| Profit before income tax expense | | | | | 2,937,756 |

Revenue and results by reportable segments and reconciliation of segment results to profit before income tax expense for the period – for the six months ended 30th June, 2023

| (Unaudited) | | | | | |
|--|---|---|--|--|-------------------------|
| | Manufacture and sale of non-BMW vehicles and automotive components <i>RMB'000</i> | Manufacture and sale of BMW vehicles and components <i>RMB'000</i> | Provision of auto financing service <i>RMB'000</i> | Reconciliation to the Group's consolidated statement of profit or loss and intersegment elimination <i>RMB'000</i> | Total <i>RMB'000</i> |
| Segment sales to external customers | 381,079 | 120,213,518 | 126,776 | (120,213,518) | 507,855 |
| Segment results | (5,180) | 19,772,513 | 4,552 | (19,758,227) | 13,658 |
| Unallocated costs net of unallocated revenue | | | | | (98,277) |
| Interest income | | | | | 348,850 |
| Finance costs | | | | | (1,041) |
| Share of results of associates | 6,998 | 3,752,459 | - | - | 3,759,457 |
| Profit before income tax expense | | | | | 4,022,647 |

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

The assets and liabilities by reportable segments as at 30th June, 2024

| (Unaudited) | | | | | |
|--------------------------|---|---|--|--|-------------------------|
| | Manufacture and sale of non-BMW vehicles and automotive components <i>RMB'000</i> | Manufacture and sale of BMW vehicles and components <i>RMB'000</i> | Provision of auto financing service <i>RMB'000</i> | Reconciliation to the Group's consolidated statement of financial position and intersegment elimination <i>RMB'000</i> | Total <i>RMB'000</i> |
| Segment assets | 26,182,854 | 136,263,221 | 3,263,399 | (137,214,013) | 28,495,461 |
| Interests in associates | 918,293 | 10,582,145 | - | - | 11,500,438 |
| Equity investments | | | | | 6,716 |
| Assets held for disposal | | | | | 334,027 |
| Unallocated assets | | | | | 8,291,659 |
| Total assets | | | | | 48,628,301 |
| Segment liabilities | 1,589,599 | 93,934,640 | 1,552,318 | (94,885,432) | 2,191,125 |
| Unallocated liabilities | | | | | 20,241,609 |
| Total liabilities | | | | | 22,432,734 |

The assets and liabilities by reportable segments as at 31st December, 2023

| (Audited) | | | | | |
|---------------------------|---|---|--|--|-------------------------|
| | Manufacture and sale of non-BMW vehicles and automotive components <i>RMB'000</i> | Manufacture and sale of BMW vehicles and components <i>RMB'000</i> | Provision of auto financing service <i>RMB'000</i> | Reconciliation to the Group's consolidated statement of financial position and intersegment elimination <i>RMB'000</i> | Total <i>RMB'000</i> |
| Segment assets | 35,270,836 | 159,021,777 | 3,833,968 | (160,173,716) | 37,952,865 |
| Interests in associates | 918,534 | 15,771,488 | - | - | 16,690,022 |
| Prepayment for investment | | | | | 282,557 |
| Equity investments | | | | | 5,909 |
| Unallocated assets | | | | | 223,267 |
| Total assets | | | | | 55,154,620 |
| Segment liabilities | 2,287,997 | 95,935,823 | 2,116,121 | (97,087,763) | 3,252,178 |
| Unallocated liabilities | | | | | 11,307 |
| Total liabilities | | | | | 3,263,485 |

6. FINANCE COSTS

| | (Unaudited) | |
|--|--------------------------|---------|
| | For the six months ended | |
| | 30th June, | |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Interest expense on: | | |
| – bank borrowings | – | 123 |
| – discounted bank guaranteed notes/net loss arising on FVOCI | – | 129 |
| – finance charges on lease liabilities | 786 | 789 |
| | <hr/> | <hr/> |
| | 786 | 1,041 |
| | <hr/> | <hr/> |

7. PROFIT BEFORE INCOME TAX EXPENSE

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

| | (Unaudited) | |
|---|--------------------------|---------|
| | For the six months ended | |
| | 30th June, | |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Charging: | | |
| ECL allowance for: | | |
| – Loan receivables | 24,608 | 24,830 |
| – Other receivables | – | 280 |
| – Amounts due from affiliated companies | – | 616 |
| – Accounts receivable | 1,808 | 730 |
| Cost of inventories | 379,184 | 339,229 |
| Amortisation of intangible assets (a) | 9,439 | 3,151 |
| Amortisation of land lease prepayments | 1,060 | 1,059 |
| Depreciation of property, plant and equipment: | | |
| – Owned assets | 36,842 | 25,757 |
| – Right-of-use assets | 12,020 | 10,817 |
| Staff costs (including directors' emoluments) (note 8) | 116,157 | 112,832 |
| Provision for inventories | – | 150 |
| Research and development costs (b) | 16,579 | 5,356 |
| Warranty provision (b) | 843 | 1,183 |
| Lease charges: | | |
| – Short-term leases with lease term of 12 months or shorter | 1,742 | 2,361 |
| – Low value items | 50 | 78 |
| Loss on disposal of property, plant and equipment | 71 | 4 |
| Exchange loss, net (b) | 42,577 | 74,365 |
| | <hr/> | <hr/> |
| Crediting: | | |
| Rental income from land and buildings | 516 | 516 |
| Reversal of ECL allowance for: | | |
| – Accounts receivable from affiliated companies | 3,684 | 149 |
| – Other receivables | 212 | – |
| – Other receivables grouped under non-current assets | – | 5 |
| – Amounts due from affiliated companies | 8,632 | – |
| – Dividend receivable from an affiliated company | – | 619 |
| Write back of provision for inventories sold | 1,827 | 337 |
| | <hr/> | <hr/> |

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

(b) included in general and administrative expenses.

8. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

| | (Unaudited) | |
|---|--------------------------|----------------|
| | For the six months ended | |
| | 30th June, | |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Wages, salaries and performance related bonus | 92,002 | 84,282 |
| Pension costs – defined contribution plans | 7,575 | 6,791 |
| Staff welfare costs | 16,580 | 21,759 |
| | 116,157 | 112,832 |

9. INCOME TAX EXPENSE

| | (Unaudited) | |
|---|--------------------------|----------------|
| | For the six months ended | |
| | 30th June, | |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| <i>Current tax</i> | | |
| PRC corporate income tax | | |
| – Current period | 969 | 2,017 |
| – (Over) Under provision in prior years | (2,850) | 49,144 |
| PRC withholding tax on dividend | 1,474,000 | 226,000 |
| | 1,472,119 | 277,161 |

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, 2024 of approximately RMB1,473,258,000 (*Six months ended 30th June, 2023: approximately RMB3,744,137,000*) by the weighted average number of ordinary shares of 5,045,269,000 shares (*Six months ended 30th June, 2023: 5,045,269,000 shares*).

Diluted earnings per share is the same as basic earnings per share for the six months ended 30th June, 2024 as there was no potential dilutive ordinary share in issue during the period (*Six months ended 30th June, 2023: same*).

11. DIVIDENDS

| | (Unaudited) | |
|------------------------------------|--------------------------|-----------|
| | For the six months ended | |
| | 30th June, | |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| First special dividends (Note i) | 7,013,177 | 4,178,452 |
| Second special dividends (Note ii) | 20,197,727 | – |
| | 27,210,904 | 4,178,452 |

Note i: On 15th April, 2024, the directors of the Company declared a special dividend of HK\$1.5 per share (Six months ended 30th June, 2023: HK\$0.96 per share declared on 13th January, 2023) totalling approximately HK\$7,567,904,000 (Six months ended 30th June, 2023: approximately HK\$4,843,458,000).

Note ii: On 14th June, 2024, the Company further declared the second special dividend of HK\$4.30 per share totalling approximately HK\$21,694,658,000. In the year ended 31st December, 2023, the second special dividend of HK\$0.96 per share totalling HK\$4,843,458,000 was declared on 18th July, 2023 and therefore was not recognised in the consolidated interim financial statements for the six months ended 30th June, 2023.

The directors of the Company did not recommend any further dividend payment at the board meeting held on 22nd August, 2024 in respect of the Group's interim results for the six months ended 30th June, 2024 (six months ended 30th June, 2023: nil).

12. CAPITAL EXPENDITURES

| | (Unaudited) | | | |
|---|----------------|------------------|---------------|------------------|
| | Intangible | Property, | Land lease | Total |
| | assets | plant and | prepayments | |
| | RMB'000 | equipment | RMB'000 | RMB'000 |
| Net book value as at 1st January, 2024 | 32,084 | 401,627 | 73,911 | 507,622 |
| Additions | 839 | 34,581 | – | 35,420 |
| Reconsolidation of a subsidiary | 120,444 | 1,195,453 | – | 1,315,897 |
| Disposals/Write-off | – | (1,329) | – | (1,329) |
| Amortisation/Depreciation | (9,439) | (48,862) | (1,060) | (59,361) |
| Reclassified to assets held for disposal | – | (334,027) | – | (334,027) |
| Net book value as at 30th June, 2024 | 143,928 | 1,247,443 | 72,851 | 1,464,222 |

As at 30th June, 2024, 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 | As at 31st | For the six months ended | |
| | June, 2024 | December, | 2024 | 2023 |
| | RMB'000 | 2023 | RMB'000 | RMB'000 |
| Buildings | 36,936 | 23,981 | 11,064 | 9,842 |
| Machinery & equipment | 3,185 | 4,141 | 956 | 955 |
| Motor vehicles | – | – | – | 20 |
| | 40,121 | 28,122 | 12,020 | 10,817 |

During the six months ended 30th June, 2024, the total additions right-of-use assets as included in property, plant and equipment amounted to approximately RMB24,966,000 (Six months ended 30th June, 2023: RMB11,838,000) without any modification of leases (six months ended 30th June, 2023: including modification of leases of RMB9,735,000). The net book value of right-of-use assets as included in property, plant and equipment disposed of during the six months ended 30th June, 2024 amounted to RMB947,000 (Six months ended 30th June, 2023: nil).

13. INTERESTS IN ASSOCIATES

| | (Unaudited) As at 30th June, 2024 RMB'000 | (Audited) As at 31st December, 2023 RMB'000 |
|--|---|---|
| Share of net assets by equity method and goodwill: | | |
| Associates listed in Hong Kong | 615,021 | 608,126 |
| Less: impairment loss for interests in an associate listed in Hong Kong (<i>Note i</i>) | (72,799) | (72,799) |
| | 542,222 | 535,327 |
| Unlisted associates: | | |
| BBA | 10,582,146 | 15,771,488 |
| Other unlisted associates | 418,277 | 425,414 |
| | 11,000,423 | 16,196,902 |
| Less: impairment loss for interests in an unlisted associate (<i>Note ii</i>) | (42,207) | (42,207) |
| | 10,958,216 | 16,154,695 |
| | 11,500,438 | 16,690,022 |
| Fair value of investment in associates listed in Hong Kong | 72,572 | 101,399 |
| <i>Note i:</i> Based on the projected cash flow forecast of Xinchen China Power Holdings Limited ("Power Xinchen") | | |
| <i>Note ii:</i> Based on the current situation of Shenyang Brilliance Power Train Machinery Co., Ltd. ("Brilliance Power") which is in the process of restructuring. | | |
| BBA's assets and liabilities as at 30th June, 2024 and the respective net assets shared by the Group are as follows: | | |
| | (Unaudited) As at 30th June, 2024 RMB'000 | (Audited) As at 31st December, 2023 RMB'000 |
| Current assets | 64,976,792 | 86,942,362 |
| Non-current assets | 71,286,429 | 72,079,415 |
| Current liabilities | (73,494,053) | (77,041,032) |
| Non-current liabilities | (20,440,587) | (18,894,791) |
| Net assets | 42,328,581 | 63,085,954 |
| Proportion of the Group's ownership interest in BBA | 25% | 25% |
| Carrying amount of the Group's interest in BBA | 10,582,145 | 15,771,488 |

13. INTERESTS IN ASSOCIATES (Cont'd)

BBA's revenue, profit and dividends received and receivable by the Group for the six months ended 30th June, 2024 are as follows:

| | (Unaudited) | |
|-----------------------|--------------------------|----------------|
| | For the six months ended | |
| | 30th June, | |
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Revenue | 111,521,948 | 120,213,518 |
| Profit for the period | 10,939,670 | 15,009,834 |
| Dividends | 7,653,980 | – |

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, 2024 is summarised as follows:

| | (Unaudited) | |
|--|--------------------------|----------------|
| | For the six months ended | |
| | 30th June, | |
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Net (loss) profit and other comprehensive income attributable to the Group | (241) | 6,998 |
| Dividends | – | 21,000 |

14. EQUITY INVESTMENTS

| | (Unaudited) | (Audited) |
|---|----------------|----------------|
| | As at | As at 31st |
| | 30th June, | December, |
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Financial assets of FVOCI (non-recycling) | | |
| – Unlisted equity investment | 4,138 | 4,138 |
| – Listed equity investment in Hong Kong | 2,578 | 1,771 |
| | 6,716 | 5,909 |

15. LOAN RECEIVABLES

| | (Unaudited) As at 30th June, 2024 RMB'000 | (Audited) As at 31st December, 2023 RMB'000 |
|--|---|---|
| Loan receivables from customers | 2,946,846 | 3,494,664 |
| Less: ECL allowance | (54,510) | (64,808) |
| | 2,892,336 | 3,429,856 |
| Less: current portion | (1,059,455) | (1,192,100) |
| | 1,832,881 | 2,237,756 |
| Long-term loan receivables | 1,832,881 | 2,237,756 |
| Gross loan receivables recoverable: | | |
| – No later than one year | 1,087,495 | 1,217,073 |
| – Later than one year and no later than five years | 1,859,351 | 2,277,591 |
| | 2,946,846 | 3,494,664 |

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, 2024, loan receivables of approximately RMB260,815,000 (As at 31st December, 2023: approximately RMB312,811,000) were the outstanding balances to the Group under this joint auto financing arrangement.

All loan receivables were derived from the business of provision of auto financing by BBAFC during the period. These loan receivables are denominated in Renminbi and in principle secured by the motor vehicles of the borrowers for retail auto financing. Out of the gross loan receivables which amounted to RMB2,946,846,000 (As at 31st December, 2023: RMB3,494,664,000), the gross loan receivables that will be repayable within 1 year amounted to RMB1,087,495,000 (As at 31st December, 2023: RMB1,217,073,000) bear fixed effective interest rates ranging from 5.19% to 14% (As at 31st December, 2023: 5.50% to 14.00%) per annum. The remaining gross loan receivables that will be repayable after 1 year but no later than 5 years amounted to RMB1,859,351,000 (As at 31st December, 2023: RMB2,277,591,000) bear fixed effective interest rates ranging from 5.19% to 14% (As at 31st December, 2023: from 5.62% to 14.00%) per annum. The actual interest rate offered to borrowers were determined with reference to the market rates from competitors at the material time, customer profiles and the brand of the motor vehicle which BBAFC is cooperating with.

The gross overdue loan receivables analysed by overdue period as at 30th June, 2024 is as follows:

| | (Unaudited) As at 30th June, 2024 RMB'000 | (Audited) As at 31st December, 2023 RMB'000 |
|----------------------|---|---|
| Overdue | | |
| – 1 to 60 days | 101,576 | 86,403 |
| – 61 to 90 days | 9,262 | 7,121 |
| – 91 to 120 days | 8,469 | 1,763 |
| – more than 120 days | 6,649 | 1,980 |
| | 125,956 | 97,267 |

Borrowers follow the terms and contractual repayment schedule to repay the outstanding loans. When any of the loan repayments is overdue in accordance with the contractual repayment schedule, the entire loan balance is classified as overdue loan. All amounts are shown as gross amounts of overdue loan receivables before any impairment losses under ECL model.

16. 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.

17. SHORT-TERM BANK DEPOSITS

Details of the short-term bank deposits are as follows:

| | (Unaudited) As at 30th June, 2024 RMB'000 | (Audited) As at 31st December, 2023 RMB'000 |
|--|---|---|
| Time deposits | 15,000 | – |
| Restricted short-term bank deposits (Note i) | 463,690 | 2,324,385 |
| Pledged short-term bank deposits for bank guaranteed notes issued by the Group (Note ii) | 167,178 | 176,590 |
| Total pledged and restricted short-term bank deposits | 630,868 | 2,500,975 |
| | 645,868 | 2,500,975 |

Note i: As detailed in note 24, the Group has made settlements for certain lawsuits in respect of unauthorised guarantees directly out of the restricted short-term deposits by the PRC courts. As at 30th June, 2024, approximately RMB463,690,000 (As at 31st December, 2023: approximately RMB2,324,385,000) were still restricted by the PRC courts for the settlements in the remaining unsettled lawsuits.

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

Note ii: As at 30th June, 2024, in addition to short-term deposits pledged, the Group had also pledged bank guaranteed notes receivable from third parties and related parties of approximately RMB44.9 million (As at 31st December, 2023: approximately RMB33.2 million) to secure the issue of bank guaranteed notes.

18. ACCOUNTS RECEIVABLE

| | (Unaudited) As at 30th June, 2024 RMB'000 | (Audited) As at 31st December, 2023 RMB'000 |
|--|---|---|
| Accounts receivable | 314,217 | 341,626 |
| Accounts receivable from affiliated companies (note 27(c)) | 2,269 | 2,424 |
| | 316,486 | 344,050 |

18. 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, |
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Less than six months | 316,023 | 344,840 |
| Six months to one year | 291 | 1,863 |
| Above one year to two years | 488 | 485 |
| Above two years to five years | 19,287 | 18,721 |
| Above five years | 22,176 | 17,957 |
| | <hr/> | <hr/> |
| | 358,265 | 383,866 |
| Less: ECL allowance | (44,048) | (42,240) |
| | <hr/> | <hr/> |
| | 314,217 | 341,626 |

As at 30th June, 2024, accounts receivable from third parties of approximately RMB18 million (*As at 31st December, 2023: approximately RMB14.0 million*) were substantially denominated in U.S. Dollar or Euro and the rest were denominated in Renminbi.

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

19. NOTES RECEIVABLE

| | (Unaudited) | (Audited) |
|--|----------------|----------------|
| | As at | As at 31st |
| | 30th June, | December, |
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Notes receivable | 118,890 | 99,053 |
| Notes receivable from affiliated companies (<i>note 27(d)</i>) | 3,318 | 865 |
| | <hr/> | <hr/> |
| | 122,208 | 99,918 |

All notes receivable are denominated in Renminbi and are primarily notes received from customers for settlement of accounts receivable balances. As at 30th June, 2024, all notes receivable were guaranteed by established banks in the PRC with maturities of less than six months from 30th June, 2024 (*As at 31st December, 2023: 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, 2024 from expected timing of endorsements and discounting at the interest rates for the respective notes receivable (*At 31st December, 2023: same*). The fair value is within level 2 of the fair value hierarchy.

20. OTHER CURRENT ASSETS

| | | (Unaudited) As at 30th June, 2024 | (Audited) As at 31st December, 2023 |
|--|-------|--|--|
| | Note | RMB'000 | RMB'000 |
| Other receivables | 20(a) | 304,584 | 56,589 |
| Prepayments and other current assets | | 36,598 | 16,849 |
| Other taxes recoverable | | 58,941 | 11,939 |
| Amounts due from affiliated companies | 27(e) | 66,837 | 49,527 |
| Dividend receivable from an affiliated company | 27(f) | 3,061,592 | – |
| | | 3,528,552 | 134,904 |

(a) Other receivables

| | (Unaudited) As at 30th June, 2024 | (Audited) As at 31st December, 2023 |
|--------------------------------|--|--|
| | RMB'000 | RMB'000 |
| Amounts due from third parties | 4,923,103 | 4,677,414 |
| Less: ECL allowance | (4,618,519) | (4,620,825) |
| | 304,584 | 56,589 |

Other receivables are amounts due from third parties and full amounts ECL allowance are provided for individual balances including RMB2,925,900,000 (As at 31st December, 2023: RMB2,925,900,000) for the loss of the unauthorised pledged short-term deposits of the Group for banking facilities granted to Sheyang Huayixin Automobile Sales Co., Ltd. when defaulted and RMB1,148,400,000 (As at 31st December, 2023: RMB1,148,400,000) due from Chenbao (Liaoning) Automobile Manufacturing Co., Ltd.

Other receivables are all 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.

21. ACCOUNTS PAYABLE

| | (Unaudited) As at 30th June, 2024 RMB'000 | (Audited) As at 31st December, 2023 RMB'000 |
|---|---|---|
| Accounts payable | 256,408 | 283,622 |
| Accounts payable to affiliated companies (note 27(g)) | 9,155 | 13,658 |
| | 265,563 | 297,280 |

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

| | (Unaudited) As at 30th June, 2024 RMB'000 | (Audited) As at 31st December, 2023 RMB'000 |
|--|---|---|
| Less than six months | 180,886 | 201,158 |
| Six months to one year | 8,058 | 11,073 |
| Above one year but less than two years | 14,970 | 17,142 |
| Two years or above | 52,494 | 54,249 |
| | 256,408 | 283,622 |

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

22. OTHER CURRENT LIABILITIES

| | (Unaudited) As at 30th June, 2024 RMB'000 | (Audited) As at 31st December, 2023 RMB'000 |
|-------------------------------------|---|---|
| Contract liabilities | 3,006 | 1,421 |
| Other payables and accrued expenses | 412,588 | 170,061 |
| Dividends payable | 20,184,927 | - |
| Other taxes payable | 6,591 | 4,904 |
| Deferred government grants | 22(a) 77,128 | 79,568 |
| Lease liabilities | 22(b) 38,624 | 26,094 |
| Amounts due to affiliated companies | 27(h) 30,657 | 67,443 |
| | 20,753,521 | 349,491 |
| Less: non-current portion | (96,086) | (84,821) |
| Current portion | 20,657,435 | 264,670 |

22. OTHER CURRENT LIABILITIES (Cont'd)

(a) Deferred government grants

| | (Unaudited) As at 30th June, 2024 RMB'000 | (Audited) As at 31st December, 2023 RMB'000 |
|--|---|---|
| Government grants to be recognised as income | | |
| – within one year | 4,879 | 4,879 |
| – over one year | 72,249 | 74,689 |
| | 77,128 | 79,568 |

(b) Lease liabilities

| | (Unaudited) As at 30th June, 2024 RMB'000 | (Audited) As at 31st December, 2023 RMB'000 |
|--|---|---|
| Total minimum lease payments | | |
| – due within one year | 16,564 | 16,684 |
| – due in the second to fifth years | 25,206 | 10,421 |
| | 41,770 | 27,105 |
| Less: future finance charges on lease liabilities | (3,146) | (1,011) |
| Present value of lease liabilities | 38,624 | 26,094 |
| Present value of minimum lease payments | | |
| – due within one year | 14,786 | 15,962 |
| – due in the second to fifth years | 23,838 | 10,132 |
| | 38,624 | 26,094 |
| Less: portion due within one year included under current liabilities | (14,786) | (15,962) |
| Portion due after one year included under non-current liabilities | 23,838 | 10,132 |

As at 30th June, 2024 and 31st December, 2023, all 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. BANK BORROWINGS

| | (Unaudited) As at 30th June, 2024 RMB'000 | (Audited) As at 31st December, 2023 RMB'000 |
|------------------------------------|---|---|
| <i>Short-term bank borrowings:</i> | | |
| Secured bank borrowings | 400,000 | 344,500 |
| Unsecured bank borrowings | 170,000 | 580,000 |
| | <hr/> | <hr/> |
| | 570,000 | 924,500 |

The short-term bank borrowings as at 30th June, 2024 were interest-bearing at rates from 3.30% to 5.50% per annum (As at 31st December, 2023: 3.80% to 5.50% per annum) and repayable from 26th August, 2024 to 28th February, 2025 (As at 31st December, 2023: from 19th January, 2024 to 6th December, 2024).

Included in short-term bank borrowings are bank borrowings of RMB180 million (As at 31st December, 2023: RMB700 million) from a non-controlling interest of BBAFC. As at 30th June, 2024, secured short-term bank borrowings are secured by the Group's loan receivables of approximately RMB500 million (As at 31st December, 2023: RMB443.7 million).

24. PROVISION FOR LOSS ON UNAUTHORISED GUARANTEES

The provision for loss on unauthorised guarantees represents the provision for the estimated loss for final settlement to four creditor banks from the unauthorised guarantees provided by SJAI for the bank borrowings of Huachen after its default on repayment.

Based on the court judgements, SJAI has to bear 50% of the undischarged bank borrowings under the unauthorised guarantees that have been utilised but cannot be finally settled by Huachen. Although the administrator of the restructuring of Huachen has announced the restructuring plan of Huachen, it is still uncertain as to the final respective bank borrowings under these unauthorised guarantees Huachen is able to settle. Accordingly, the Group recognised the provision in 2022 of RMB1,917,062,000 for the respective losses which is 50% of the bank facilities utilised under these unauthorised guarantees plus the respective legal costs.

The Group has made settlements in aggregate of RMB1,323,551,000 up to 30th June, 2024 to three creditor banks and respective legal costs based on the assumption that Huachen will be able to settle the remaining 20% of unauthorised guarantees utilised. The settlement to the remaining creditor bank on the same terms is also underway. However, as it is still unknown as to how much Huachen is finally able to settle to these creditor banks, no adjustment is made to the provision.

25. SHARE CAPITAL

| | (Unaudited) | | (Audited) | |
|---|-----------------------|-----------------|---------------------------|-----------------|
| | As at 30th June, 2024 | | As at 31st December, 2023 | |
| | 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, 2024 | | As at 31st December, 2023 | |
| | 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, 2024 and 31st December, 2023.

26. RESERVES

(a) Hedging reserve

It represents the Group's share of the hedging reserve in the equity of an associate. 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 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.

(c) Retained earnings

The Group's retained earnings at 30th June, 2024 included an amount of approximately RMB1,736,368,000 (*As at 31st December, 2023: approximately RMB1,736,368,000*) 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.

27. 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 HKAS 24 (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.

Under PRC laws and regulations, RBJAC is continuously a subsidiary of the Company, despite its deconsolidation in 2022 and subsequent reconsolidation into the Group during the six months ended 30th June, 2024. Prior to its reconsolidation, transactions and balances with RBJAC were disclosed in this note.

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 |
|---|--|
| Shenyang Automobile | Major shareholder of the Company (<i>Note</i>) |
| Huachen (<i>Note</i>) | (<i>Note</i>) |
| Liaoning Shenhua Holdings Co., Ltd. (" Shenhua Holdings ") | (<i>Note</i>) |
| Brilliance Holdings Limited (" BHL ") | Common directorship of a director of the Company |
| The Bank of East Asia (China) Limited (" BEAC ") | An affiliated company of Bank of East Asia and CaixaBank S.A., collectively holding 45% of BBAFC |

Note: During the six months ended 30th June, 2024, Shenyang Automobile, a PRC government-related entity, became a single largest shareholder of the Company as detailed in note 1. As Huachen (which was related to the Group in prior years as the major shareholder of the Company) and Shenhua Holdings (which was related to the Group in prior years due to common directorship of a director of the Company) are also the subsidiaries of Shenyang Automobile, they were related to the Group during the period under review as the affiliated companies of Shenyang Automobile and therefore are still connected persons of the Company under the Listing Rules.

(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, | |
| | 2024 | 2023 |
| | RMB '000 | RMB '000 |
| Service fee to an affiliated company of Huachen | 188 | 203 |
| Service fee from BEAC | 4,268 | 19,142 |

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

- (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, | |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Sales of goods to associates | 8,324 | 3,795 |
| Other transactions: | | |
| Interest payment to a non-controlling interest of BBAFC | 13,151 | 10,472 |
| Service fee to a non-controlling interest of BBAFC | 591 | 572 |
| Lease payment to an associate | - | 100 |
| Lease payments rent to an affiliated company of Shenyang Automobile/ lease payments rent to Shenhua Holdings | 286 | 343 |
| | <hr/> | <hr/> |

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 value as determined by the directors.

- (c) As at 30th June, 2024, the Group's accounts receivable from affiliated companies consisted of the following:

| | (Unaudited) | (Audited) |
|---|-------------|------------|
| | As at | As at 31st |
| | 30th June, | December, |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Accounts receivable from related parties: | | |
| - Affiliated companies of Shenyang Automobile | | |
| - Shenhua Holdings and its affiliated companies | 10,416 | 10,416 |
| - Huachen and its affiliated companies | 15,449 | 20,131 |
| - Associates | 2,304 | 2,485 |
| | <hr/> | <hr/> |
| | 28,169 | 33,032 |
| Less: ECL allowance | (25,900) | (30,608) |
| | <hr/> | <hr/> |
| | 2,269 | 2,424 |
| | <hr/> | <hr/> |

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, |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Less than six months | 2,304 | 2,460 |
| Above two years but less than five years | 7,538 | 11,952 |
| Five years or above | 18,327 | 18,620 |
| | <hr/> | <hr/> |
| | 28,169 | 33,032 |
| | <hr/> | <hr/> |

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

- (d) As at 30th June, 2024, the Group's notes receivable from affiliated companies arising from trading activities consisted of the following:

| | (Unaudited) As at 30th June, 2024 RMB'000 | (Audited) As at 31st December, 2023 RMB'000 |
|----------------------------------|---|---|
| Notes receivable from associates | 3,318 | 865 |

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, 2024 (As at 31st December, 2023: same).

For the same reason as stated in note 19, 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, 2024, the amounts due from affiliated companies consisted of:

| | (Unaudited) As at 30th June, 2024 RMB'000 | (Audited) As at 31st December, 2023 RMB'000 |
|--|---|---|
| Amounts due from related parties: | | |
| – Associates (Note i) | 1,075,900 | 1,075,385 |
| – Affiliated companies of Shenyang Automobile | | |
| – Huachen and its affiliated companies | 95,482 | 87,465 |
| – Xinhua Investment Holdings Limited ("Xinhua Investment") (Note ii) | 364,924 | 364,924 |
| – Non-controlling interests of subsidiaries | 49,518 | 48,358 |
| | 1,585,824 | 1,576,132 |
| Less: ECL allowance | (1,518,987) | (1,526,605) |
| | 66,837 | 49,527 |

Note i: Full amounts of ECL allowance for RMB858,000,000 (As at 31st December, 2023: RMB858,000,000) due from Shenyang Chenfa Automobile Component Co., Ltd. and RMB128,320,000 (As at 31st December, 2023: RMB128,320,000) due from Brilliance Power were recognised at 30th June, 2024 (As at 31st December, 2023: same).

Note ii: Full amount of ECL allowance for RMB364,924,000 (As at 31st December, 2023: RMB364,924,000) due from Xinhua Investment, a shareholder of Power Xincheng was recognised at 30th June, 2024 (As at 31st December, 2023: same).

The other amounts due from affiliated companies are unsecured, interest-free and repayable on demand.

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

(f) Dividend receivable from an affiliated company at 30th June, 2024 represents the dividend receivable from BBA.

(g) As at 30th June, 2024, accounts payable to affiliated companies arising from trading activities consisted of the following:

| | (Unaudited) | (Audited) |
|---|--------------------|----------------|
| | As at | As at 31st |
| | 30th June, | December, |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Accounts payable to related parties: | | |
| – Associates | 2,486 | 2,486 |
| – Affiliated companies of Shenyang Automobile | | |
| – Huachen and its affiliated companies | 6,659 | 6,048 |
| – An affiliated company of BHL | 10 | 10 |
| | <hr/> | <hr/> |
| | 9,155 | 8,544 |
| – RBJAC | – | 5,114 |
| | <hr/> | <hr/> |
| | 9,155 | 13,658 |
| | <hr/> | <hr/> |

The accounts payable to affiliated companies are unsecured and non-interest bearing. 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) | (Audited) |
|--|--------------------|----------------|
| | As at | As at 31st |
| | 30th June, | December, |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Six months to one year | – | 505 |
| Above one year but less than two years | 505 | 9,246 |
| Two years or above | 8,650 | 3,907 |
| | <hr/> | <hr/> |
| | 9,155 | 13,658 |
| | <hr/> | <hr/> |

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

(h) As at 30th June, 2024, amounts due to affiliated companies consisted of the following:

| | (Unaudited) As at 30th June, 2024 RMB'000 | (Audited) As at 31st December, 2023 RMB'000 |
|---|---|---|
| Amounts due to related parties: | | |
| – Affiliated companies of Shenyang Automobile | 1,513 | 10 |
| – Huachen and its affiliated companies | 28,557 | 28,405 |
| – Affiliated companies of BHL | 587 | 1,812 |
| – Non-controlling interests of subsidiaries | – | – |
| | 30,657 | 30,227 |
| – RBJAC | – | 37,216 |
| | 30,657 | 67,443 |

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

(i) Compensation benefits to key management personnel are as follows:

| | (Unaudited) For the six months ended 30th June, 2024 RMB'000 | | 2023 RMB'000 |
|------------------------------|--|---|-----------------|
| Short-term employee benefits | – | – | 21,820 |

(j) 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 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. The directors are of the opinion that such transactions were conducted in the ordinary course of business and in accordance with normal commercial terms.

28. COMMITMENTS

(a) Capital commitments

| | (Unaudited) As at 30th June, 2024 RMB'000 | (Audited) As at 31st December, 2023 RMB'000 |
|--|---|---|
| Contracted but not provided for: | | |
| – Acquisition of property, plant and machinery | 22,050 | 17,528 |
| – Capital injection into the investment in RBJAC | – | 1,054,356 |
| | <u>22,050</u> | <u>1,071,884</u> |

(b) Lease commitments

As lessee:

As at 30th June, 2024, there was no future aggregate minimum lease payments by the Group (As at 31st December, 2023: the Group had future aggregate minimum lease payments of approximately RMB30,000) which are payable within one year under non-cancellable operating leases in respect of leased properties.

MANAGEMENT'S DISCUSSION & ANALYSIS

Business Discussion and Analysis

The unaudited consolidated revenue of the Group (which comprised primarily net sales derived from the businesses operated by our major operating subsidiaries including Ningbo Yumin, Mianyang Ruian and BB AFC) for the six months ended 30th June, 2024 was RMB518.0 million, representing an increase of 2.0% from RMB507.9 million generated during the same period in 2023. The main reason for the increase in revenue was due to stable increasing orders from electric and hybrid motor vehicle manufacturers. The increase was offset by the decrease in revenue from motor vehicle financing due to increasing market competition.

Unaudited cost of sales increased by 13.4% from RMB365.5 million for the first six months of 2023 to RMB414.5 million for the same period in 2024. The unaudited gross profit of the Group decreased by 27.2% from RMB142.3 million for the first six months of 2023 to RMB103.6 million for the same period in 2024. As a result of the above changes, the unaudited gross profit margin of the Group reduced to 20.0% for the first half of 2024 compared to 28.0% for the same period last year. The decrease was mainly due to increase in cost of raw materials such as aluminum during the period and the decrease in margin for the motor vehicle financing under keen market competition.

Unaudited other income decreased by 58.7% from RMB19.6 million for the first six months of 2023 to RMB8.1 million for the same period in 2024. The decrease was mainly due to decrease of government grants and the adjustment to overprovision of expenses in 2023.

Unaudited interest income decreased by 15.4% from RMB348.9 million for the first six months of 2023 to RMB295.2 million for the same period in 2024. The decrease was attributed to decrease in bank deposit interest rates, short-term deposits and cash and cash equivalents.

Unaudited selling expenses decreased by 35.2% from RMB19.3 million for the first half of 2023 to RMB12.5 million for the same period in 2024. The decrease in selling expenses was mainly due to reduction of staff costs under stricter cost control. As a result, selling expenses as a percentage of revenue has decreased from 3.8% for the first half of 2023 to 2.4% for the same period in 2024.

Unaudited general and administrative expenses decreased by 12.4% from RMB201.5 million for the first six months of 2023 to RMB176.6 million for the same period in 2024. As a result, the unaudited general and administrative expenses as a percentage of revenue decreased from 39.7% for the first half of 2023 to 34.1% for the same period in 2024. The decrease was mainly due to stricter cost control.

Unaudited net ECL allowance on loans and receivables recognised in the first half of 2024 amounted to RMB13.9 million, a decrease of 45.9% from RMB25.7 million for the same period of 2023. The decrease was mainly due to write-back of ECL allowance for both amounts due from and accounts receivables from affiliated companies.

Unaudited finance costs decreased by 20% from RMB1.0 million for the first six months of 2023 to RMB0.8 million for the same period in 2024 as no bank financing costs were required to be recognised. During the first half of 2024, the Group had only bank borrowings for the motor vehicle financing business and the interest expense so derived was recognised as the cost for the respective business. Accordingly, the finance costs for the first half of 2024 represent only the finance charges on lease liabilities.

The Group's unaudited share of results of associates, which included the recognition of BBA contribution as the Group's associate, decreased by 27.3% from RMB3,759.5 million for the first half of 2023 to RMB2,734.7 million for the same period in 2024. The decrease was mainly a result of the drop of performance of BBA.

BBA achieved local sales of 312,730 units in the first six months of 2024, a decrease of 6.4% as compared to 334,076 BMW vehicles sold in the same period in 2023. However, there was a continuing strong growth in the battery electric vehicles ("BEV") segment benefitting from the rapid industry growth of new energy vehicles ("NEV") in China. The local sales volumes of BBA by models are listed in the table below:

| BBA BMW Models | 1H2024 (Units) | 1H2023 (Units) | Change |
|-----------------------|--------------------------|--------------------------|---------------|
| 1-series | 81 | 10,673 | -99.2% |
| 3-series | 103,099 | 94,624 | 9.0% |
| 5-series | 43,660 | 62,672 | -30.3% |
| X1 | 51,289 | 35,590 | 44.1% |
| X2 | 298 | 10,110 | -97.1% |
| X3 | 68,562 | 74,351 | -7.8% |
| X5 | 45,741 | 46,056 | -0.7% |
| Total | 312,730 | 334,076 | -6.4% |
| Of which BEVs | 50,750 | 41,547 | 22.2% |

In addition, BBA exported 13,967 units, mainly X3 BEV models, to overseas in the first half of 2024, a decrease of 15.8% from 16,595 units sold overseas for the same period of 2023.

During the first half of 2024, the Group has fulfilled the requirements of the restructuring of RBJAC by making capital contribution in aggregate of RMB1.34 billion into RBJAC and regained the control of RBJAC by holding 80.72% of its paid-up registered capital. As a result, RBJAC's financial statements were reconsolidated into the Group's financial statements. RBJAC also plans to move out from its existing factory and office premises due to the expropriation plan of Shenyang Dadong District People's Government. In return, the Group will be compensated in the sum of RMB451.4 million in whole no later than March 2025. RBJAC has also secured the new factory and office premises under a 10-year lease with a rent-fee period for the initial 3 years.

The Group's unaudited profit before income tax expense decreased by 27.0% from RMB4,022.6 million for the first half of 2023 to RMB2,937.8 million for the same period in 2024. Unaudited income tax expense was RMB1,472.1 million for the first half of 2024 as compared to that of RMB277.2 million for the first half of 2023 which was mainly due to the withholding tax on dividend paid by subsidiaries during the period.

As a result of the above, the Group recorded an unaudited profit attributable to equity holders of the Company of RMB1,473.3 million for the first half of 2024, compared to RMB3,744.1 million for the same period in 2023. Unaudited basic earnings per share for the six months ended 30th June, 2024 amounted to RMB0.29201 compared to RMB0.74211 for the same period in 2023.

Prospects

China's economy experienced a stable expansion in the first half of 2024, despite challenges from both domestic and international factors. The country's GDP grew by 5% year-on-year during this period, reaching RMB61.68 trillion according to data from the National Bureau of Statistics. In the second quarter of 2024, China's GDP grew at 4.7%, and on a quarterly basis, the economy expanded by 0.7% since the first quarter. Overall, China's economy maintained resilience and adaptability in the face of various challenges.

According to the China Association of Automobile Manufacturers, total Chinese vehicle sales increased by 6.1% to 14.1 million units in the first six months of 2024, out of which, passenger vehicle sales accounted for 12.0 million units, an increase of 6.3% from the same period last year. Sales of NEVs reached 4.9 million units, an increase of 32.0% from the same period last year, whereas sales of NEVs passenger vehicles accounted for 4.7 million units, an increase of 31.5% from the same period last year.

Due to the intense competition in China, BBA's total sales volume was reduced by 6.8% during the first half of 2024. It achieved a local sales and exports volume of 312,730 units and 13,967 units, respectively, for the first half of 2024. BBA is committed to the rapid growing BEV market in China. The BMW iFactory production strategy is being implemented in BBA's Shenyang production base. It applies data science, artificial intelligence and virtualisation technologies to improve production efficiency and quality, as well as saving energy and emissions reduction. Currently, BBA is moving quickly in preparation for the commencement of production of the "Neue Klasse" model in 2026. Local production of the Neue Klasse will begin from 2026. The RMB10 billion Sixth-Generation Battery Project is progressing on schedule, with the construction of the main building fully completed in November last year. Equipment installation is expected to be finished within the year, with the official commencement of production set for 2026.

Furthermore, on 4th March, 2024, Beijing Ionchi New Energy Technology Ltd, a joint venture company between BBA and Mercedes-Benz Group China was officially established in Beijing to operate a high-power charging network. It aims to establish a network of 1,000 high-power charging stations with around 7,000 high-power charging piles by the end of 2026.

Regarding RBJAC, the Shenyang Intermediate People's Court approved the formal restructuring plan on 23rd May, 2023, with an execution period of 12 months. The restructuring ended on 22nd May, 2024. At present, the resumption of work and production has been initiated, and the strategic partner cooperation models are planned to be rolled off at the production line at the Shenyang factory around the end of 2024. Haise and Haise King are scheduled to resume production in the first half of 2025, and the electrification products of the two models will also start production simultaneously.

BBAFC, our auto finance subsidiary in China, is formulating measures to offset the latest market challenges with the partnership and co-lending supports of a state-owned bank, which will assist in recovering a competitive market position with leading NEV brands. The active 'assisted lending' business model is in ramp-up phase for a specific NEV brand and expects to further increase the volumes with a positive margin contribution, and continuous efforts are being applied to further expand this new initiative to other NEV brands and bank partners.

In the first half of 2024, four new camshaft projects were designated for BYD, Geely, and SAIC passenger cars by Mianyang Ruian. Furthermore, BYD's new project will be matched with its high-end new energy vehicle brand – the Yangwang series. SAIC Group's extended range series dedicated engine project has been designated. By obtaining designated new energy projects from mainstream domestic car companies, it will add new impetus to the company's future development.

In 2024, Ningbo Yumin accelerated the implementation of product transformation and upgrading, with a focus on expanding the aluminum alloy lightweight industry chain. New markets and innovative product research and development achieved new developments. With the development of new products and further improvement of process technology, the company has applied for multiple innovative patent technologies and passed the national intellectual property standardisation system certification.

Liquidity and Financial Resources

As at 30th June, 2024, the Group had RMB27,346.1 million in cash and cash equivalents (*As at 31st December, 2023: RMB30,845.8 million*), RMB47.5 million in statutory deposit reserves at central bank (*As at 31st December, 2023: RMB57.5 million*), and RMB645.9 million in short-term bank deposits (*As at 31st December, 2023: RMB2,501.0 million*).

As at 30th June, 2024, the Group had accounts payable in the amount of RMB265.6 million (*As at 31st December, 2023: RMB297.3 million*). As at 30th June, 2024, the Group had notes payable in the amount of RMB245.9 million (*As at 31st December, 2023: RMB219.3 million*).

As at 30th June, 2024, the Group had outstanding short-term bank borrowings of RMB570.0 million (*As at 31st December, 2023: RMB924.5 million*), and no long-term bank borrowings due within one year (*As at 31st December, 2023: nil*). As at 30th June, 2024, the Group did not have long-term bank borrowings due over one year (*As at 31st December, 2023: nil*).

All short-term bank borrowings as at 30th June, 2024 were due within one year, being repayable from 26th August, 2024 to 28th February, 2025 (As at 31st December, 2023: repayable from 19th January, 2024 to 6th December, 2024). As at 30th June, 2024, these borrowings were interest-bearing at rates ranging from 3.30% to 5.50% per annum, and were denominated in Renminbi (As at 31st December, 2023: 3.80% to 5.50% per annum, Renminbi).

Included in short-term bank borrowings are bank borrowings of RMB180.0 million (As at 31st December, 2023: RMB700.0 million) from a non-controlling interest of BBAFC. As at 30th June, 2024, secured short-term bank borrowings are secured by the Group's loan receivables of approximately RMB500.0 million (As at 31st December, 2023: RMB443.7 million).

With the aim to improving its liquidity, the Group regularly monitors its accounts receivable turnover and inventory turnover. For the six months ended 30th June, 2024, accounts receivable turnover and inventory turnover, excluding the effect of reconsolidating the accounts receivable and inventories from RBJAC, were 114 days (Year ended 31st December, 2023: 101 days) and 54 days (Year ended 31st December, 2023: 76 days), respectively.

Capital Structure and Funding Policies

As at 30th June, 2024, the Group's total assets was approximately RMB48,628.3 million (As at 31st December, 2023: approximately RMB55,154.6 million), which was funded by the following: (a) share capital of RMB397.2 million (As at 31st December, 2023: RMB397.2 million), (b) reserves of RMB24,713.7 million (As at 31st December, 2023: RMB50,720.9 million), (c) total liabilities of RMB22,432.7 million (As at 31st December, 2023: RMB3,263.5 million) and (d) contribution from non-controlling interests of RMB1,084.7 million (As at 31st December, 2023: RMB773.0 million).

As at 30th June, 2024, 69.9% (As at 31st December, 2023: 99.3%) 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 30.1% (As at 31st December, 2023: 0.7%) were denominated in other currencies. The increase in proportion in foreign currencies mainly arose from the bank balances denominated in Hong Kong Dollar for dividend distribution after 30th June, 2024. Apart from the bank borrowings mentioned above, as at 30th June, 2024, the Group did not have any committed banking facilities (As at 31st December, 2023: same).

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

Capital Expenditures and Commitments

For the first six months of 2024, the Group incurred capital expenditures of RMB35.4 million (*Six months ended 30th June, 2023: RMB24.5 million*) mainly for acquisition of both owned and right-of-use assets of tools and moulds, machinery and equipment, and construction-in-progress as well as specialised software.

As at 30th June, 2024, the Group's contracted capital commitments amounted to RMB22.1 million related to the capital expenditures in respect of acquisition of plant and machinery (*As at 31st December, 2023: RMB1,071.9 million mainly related to the investment into RBJAC*).

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

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

As reported in the Company's 2023 annual report, during the first half of 2024, SJAI has provided approximately RMB1.05 billion to the administrator of RBJAC (the "**RBJAC Administrator**") for settlement of unsettled amount of the Final RBJAC Indebtedness (as defined in the 17th May Announcement).

As such, together with the initial portion of the Cash Contribution (as defined in the 17th May Announcement) of around RMB282.6 million made in September 2023, SJAI has provided a total of approximately RMB1.34 billion to the RBJAC Administrator. As announced, any unutilised amount of the Cash Contribution shall be returned to SJAI in accordance with the terms of the Restructuring Investment Agreement (as defined in the 17th May Announcement). Accordingly, RBJAC was reconsolidated into the Group during the six months ended 30th June, 2024.

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, 2024.

New Business and New Products

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

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

RBJAC is currently resuming its production in accordance with the restructuring plan. RBJAC has planned comprehensive layout on the new energy light passenger vehicle market and resume production of Haise, Haise King, and Big Haise series products. According to the domestic market conditions, RBJAC plans to develop new Haise and Haise King medium-size pure electric platform passenger vehicle products, and develop medium-size multi-purpose vehicle ("MPV") and pure electric large light passenger products with core competitiveness and high quality. In the future, multiple specialised vehicle models will be expanded to provide users with a complete set of solutions for usage scenarios, enabling Jinbei products to fully cover the medium and large MPV and light passenger markets, forming a perfect layout for intercity and intra-city passenger transport, as well as various types of specialised vehicles.

As our auto finance subsidiary in China, BBAFC's new business remains strategically focused on the NEV segment where it identifies the most significant business potential as well as the opportunity to support sustainable 'green' initiatives. However, the fierce competition in the automotive segment continues to increase, which has resulted in significant price wars amongst the leading brands and has applied substantial pressures on the margins within the auto finance industry. These trends are aggravating market concerns on reducing sales volumes, increasing credit risks and reducing profitability. BBAFC has to be agile and dynamic within the constantly evolving environment by fully leveraging the positive developments and preparing various measures to mitigate market challenges. To meet the market challenges, a new partnership with a well-established co-lending bank partner is established to maintain competitiveness in the market. BBAFC has also pioneered into 'assisted lending' with a state-owned bank which is a new initiative in the auto finance industry. Assisted lending generates risk free fee-based income through its strong OEM co-operation with the supports from the efficiently structured and competitive sales network in the field. In addition, BBAFC continues to improve its operational efficiency by slimming the organisation structure under the digital strategy and optimising its cost structures.

In the first half of the year, Ningbo Yumin undertook 12 new product orders, including BYD's all aluminum alloy body structural components, Lada car window guide rails, Lida textile machinery parts, and took on 3 new customers. This year, it was also awarded the title of Zhejiang Provincial Enterprise Research Institute.

Mianyang Ruian continues to support SAIC passenger cars' new camshaft projects. SAIC Volkswagen and Shanghai General Motors are also interested in purchasing these products. Further, Geely's hybrid and extended range series using Mianyang Ruian's new camshafts are planned to be equipped in its sport utility vehicle, MPV, pickup truck and other models.

The Company is exploring new projects related to auto industry and its new development to enable us to diversify our investment portfolio and strengthen new business income sources.

Employees, Remuneration Policy and Training Programmes

The Group employed approximately 1,400 employees as at 30th June, 2024 (*As at 30th June, 2023: 1,160*). Employee costs amounted to RMB116.2 million for the six months ended 30th June, 2024 (*Six months ended 30th June, 2023: RMB112.8 million*). The Group will endeavour to ensure that the salary levels of its employees are in line with industry practices and prevailing market conditions, and that employees' remuneration is based on performance.

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

Charge on Assets

As at 30th June, 2024, short-term bank borrowings of RMB400.0 million (*As at 31st December, 2023: RMB344.5 million*) were secured by the Group's loan receivables of approximately RMB500.0 million (*As at 31st December, 2023: RMB443.7 million*).

In addition, as at 30th June, 2024, the Group pledged short-term bank deposits in an aggregate amount of RMB167.2 million (*As at 31st December, 2023: RMB176.6 million*), and pledged bank guaranteed notes receivable from third parties and related parties of approximately RMB44.9 million (*As at 31st December, 2023: approximately RMB33.2 million*) to secure the issue of bank guaranteed notes.

As at 30th June, 2024, the Group had restricted short-term bank deposits of approximately RMB463.7 million (*As at 31st December, 2023: RMB2,324.4 million*), all of which were restricted by the PRC courts for the settlements of the remaining unsettled lawsuits in respect of the unauthorised guarantees of RMB593.5 million (*As at 31st December, 2023: RMB1,469.9 million*) as detailed in note 24 to this report.

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

Future Plans for Material Investments or Additions of Capital Assets

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

Gearing Ratio

As at 30th June, 2024, the gearing ratio, computed by dividing total liabilities by total equity attributable to equity holders of the Company, was approximately 0.89 (*As at 31st December, 2023: approximately 0.06*). The increase in the gearing ratio was primarily due to an increase in other current liabilities mainly resulted from dividend payable, and a decrease in the total equity attributable to equity holders of the Company at 30th June, 2024.

Foreign Exchange Risks

Due to the depreciation of Renminbi in the six months ended 30th June, 2024, exchange loss was recognised for the special dividends denominated in Hong Kong Dollar distributed in this period. There is no further exchange risk of the special dividends distributed after 30th June, 2024 as the fund in Hong Kong Dollar for these dividends were already made available by 30th June, 2024. Other than this, as the Group's substantial transactions during the period were denominated in Renminbi, the Group considers that exchange rate fluctuations do not have significant effect on the overall financial performance of the Group. The Group will continue to monitor transactions and monetary assets and liabilities denominated in foreign currencies to minimise foreign exchange risks. There were no outstanding hedging transactions as at 30th June, 2024 (*As at 31st December, 2023: nil*).

Contingent Liabilities

The Group did not have any contingent liabilities as at 30th June, 2024.

DIVIDENDS

As announced by the Company, special dividends of HK\$1.5 and HK\$4.3 per ordinary share of the Company were declared by the directors of the Company on 15th April, 2024 and 14th June, 2024, respectively. The respective special dividends were paid to the shareholders on 17th May, 2024 and 25th July, 2024.

The directors of the Company did not recommend any dividend payment at the Board meeting held on 22nd August, 2024 in respect of the Group's 2024 interim results (*2023: nil*).

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of the directors of the Company since the date of the 2023 annual report up to present is set out below:

- Mr. Zhang Wei was appointed as a director of RBJAC with effect from 31st May, 2024.
- Mr. Wu Xiao An (also known as Mr. Ng Siu On) resigned as (i) an executive director of the Company; (ii) the Chairman of the Board; (iii) a member of the nomination committee, the remuneration committee, and the subsidiary senior management appointment committee of the Board; (iv) an authorised representative of the Company pursuant to Rule 3.05 of the Listing Rules; (v) an authorised representative of the Company for accepting service of process and notices on behalf of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong); and (vi) all other positions of the subsidiaries and associates of the Company, all with effect from 11th September, 2024 due to his other commitment.

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

As at 30th June, 2024, 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) | 302,567,000 ordinary | 5.99 | - | - | - | - |
| Shenyang Sanshi Automotive Industry Development Co., Ltd. ("Shenyang Sanshi") (Note 3) | 1,512,875,802 ordinary | 29.99 | - | - | - | - |
| Huachen (Note 4) | 1,512,875,802 ordinary | 29.99 | - | - | - | - |
| Shenyang Automobile (Note 4) | 1,512,875,802 ordinary | 29.99 | - | - | - | - |
| Shenyang Cairui Automobile Industry Development Partnership Enterprise (Limited Partnership) ("Shenyang Industry Partnership") (Note 4) | 1,512,875,802 ordinary | 29.99 | - | - | - | - |
| Liaoning Financial Holding Group Co., Ltd. ("Liaoning Financial") (Note 4) | 1,512,875,802 ordinary | 29.99 | - | - | - | - |
| Shenyang Cairui Investment Co., Ltd ("Shenyang Cairui Investment") (Note 5) | 1,512,875,802 ordinary | 29.99 | - | - | - | - |
| Shenyang Shengjing Financial Holding Investment Group Co., Ltd ("Shenyang Shengjing") (Note 5) | 1,512,875,802 ordinary | 29.99 | - | - | - | - |
| Shenyang Metro Co., Ltd. ("Shenyang Metro") (Note 5) | 1,512,875,802 ordinary | 29.99 | - | - | - | - |
| Liaoning Provincial Transportation Investment Group Co. Ltd. ("LPTI") (Note 6) | 600,000,000 ordinary | 11.89 | - | - | - | - |
| Liaoning Transportation Investment Co., Ltd. ("LTI") (Note 6) | 600,000,000 ordinary | 11.89 | - | - | - | - |

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, 2024.
- (2) According to the disclosure of interest notice filed by Baillie Gifford & Co on 11th August, 2023, the 302,567,000 shares in long position were held as to 2,596,000 shares in the capacity as investment manager and as to 299,971,000 shares as corporate interest.
- (3) According to the disclosure of interest notice filed by Shenyang Sanshi on 14th June, 2024, the 1,512,875,802 shares in long position were held in the capacity as beneficial owner.
- (4) According to the disclosure of interest notice filed by Liaoning Financial on 14th June, 2024, Shenyang Sanshi is a direct wholly-owned subsidiary of Huachen, which is in turn a direct wholly-owned subsidiary of Shenyang Automobile. Shenyang Automobile is owned as to 89.75% by Shenyang Industry Partnership and which is in turn indirectly owned as to 48.86% by Liaoning Financial. Each of Liaoning Financial, Huachen, Shenyang Automobile and Shenyang Industry Partnership are therefore deemed to be interested in the interest of Shenyang Sanshi in the Company by virtue of the SFO. The 1,512,875,802 shares in long position were held by each of Liaoning Financial, Huachen, Shenyang Automobile and Shenyang Industry Partnership in the capacity as corporate interest.
- (5) According to the disclosure of interest notices filed by Shenyang Shengjing and Shenyang Metro on 14th June, 2024, Shenyang Automobile is owned as to 89.75% by Shenyang Industry Partnership, which is in turn owned as to 0.23% by Shenyang Cairui Investment and indirectly owned as to 48.86% by Shenyang Metro. Shenyang Cairui Investment is indirectly owned as to 50% by Shenyang Shengjing. Each of Shenyang Shengjing, Shenyang Metro and Shenyang Cairui Investment are therefore deemed to be interested in the interest of Shenyang Sanshi in the Company by virtue of the SFO. The 1,512,875,802 shares in long position were held by each of Shenyang Shengjing, Shenyang Metro and Shenyang Cairui Investment in the capacity as corporate interest.
- (6) 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, 2024, 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, 2024, 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/she 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 executive | Type of interests | Number and class of shares held/ Approximate shareholding percentage (Note 1) | | | | Number of share options granted (Percentage of the Company's issued share capital) |
|--------------------------------------|-------------------|--|------|-------------------|---|---|
| | | Long position | % | Short position | % | |
| | | | | | | |
| Mr. Wu Xiao An (Note 2) | Personal | 6,200,000 ordinary | 0.12 | - | - | - |

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, 2024.
- (2) Mr. Wu Xiao An resigned as a director of the Company with effect from 11th September, 2024.

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 (Note 2) | Power Xinchen | Trustee and interest in a controlled corporation (Note 3) | 33,993,385 ordinary | 2.65 | - | - |
| | | Beneficial owner (in shares) (Note 4) | 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, 2024.
2. Mr. Wu Xiao An resigned as a director of the Company with effect from 11th September, 2024.
3. As at 30th June, 2024, Power Xinchen was indirectly held as to approximately 31.20% by the Company. The 33,993,385 shares in long position were interests of a discretionary trust. The said trust held 33,993,385 shares of Power Xinchen. Mr. Wu Xiao An was one of the trustees of the aforementioned trust. Mr. Wu also held 50% interests in Lead In Management Limited which was 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, 2024.
4. 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, 2024.

Save as disclosed above, as at 30th June, 2024, 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/she 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 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**”). Eligible persons under the Share Option Scheme include (i) any director of the Company, its subsidiaries, any Invested Entity or the holding company of the Company; (ii) any employee or proposed employee of the Company, its subsidiaries, any Invested Entity or the holding company of the Company; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of the Group or any Invested Entity; (v) any person or entity acting in their capacities as advisers or consultants that provides research, development or other technological support to the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and (vii) any company wholly owned by one or more persons belonging to any of the above classes of participants or any discretionary object of a participant which is a discretionary trust.

The Share Option Scheme came into effect on 5th June, 2019 (the “**Scheme Effective Date**”) 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 of the Company 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.

The subscription price per share under the Share Option Scheme shall be determined by the directors of the Company, but shall not be lower than the higher of (i) the closing price of shares as stated in the SEHK’s daily quotation sheet on the date of grant, which must be a business day; (ii) the average closing price of shares as stated in the SEHK’s daily quotation sheets for the five (5) business days immediately preceding the date of grant; and (iii) the nominal value of a share.

As at 30th June, 2024, there was no outstanding share option under the Share Option Scheme.

For the period commencing from the Scheme Effective Date to 30th June, 2024:

- (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 from the Scheme Effective Date up to 30th June, 2024, no expenses were recognised by the Group for the period under review (*Six months ended 30th June, 2023: 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, 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving and maintaining the highest standards of corporate governance consistent with the needs and requirements of the business and its shareholders, ensuring that its affairs are conducted in accordance with applicable laws and regulations and consistent with the "Corporate Governance Code" set out in Appendix C1 to the Listing Rules which was prevailing in 2024 (the "**CG Code**"). The Group has considered the principles of good corporate governance set out in the CG Code, and has put in place corporate governance practices to meet the code provisions. Throughout the six months ended 30th June, 2024, the Group has complied with all code provisions set out in Part 2 of Appendix C1 to the Listing Rules.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the unaudited consolidated interim financial statements of the Group for the six months ended 30th June, 2024.

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 four independent non-executive directors, representing at least half 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 C3 to the Listing Rules. Having made specific enquiry of all directors, each director of the Company has confirmed that he/she has complied with the required standard set out in the Model Code during the six months ended 30th June, 2024.

IMPORTANT EVENTS AFFECTING THE GROUP THAT HAVE OCCURRED SINCE 30TH JUNE, 2024

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, 2024 and up to the date of this report:

(a) Declaration of Special Dividend

As announced on 14th June, 2024, the directors of the Company declared a special dividend of HK\$4.3 per ordinary share of the Company to its shareholders whose names appear on the register of members of the Company as at 9th July, 2024. Such special dividend was paid in cash to the shareholders on 25th July, 2024.

(b) Expropriation of Land

As announced by the Company on 17th July, 2024, on 16th July, 2024, the Dadong Government signed an expropriation compensation agreement with RBJAC in respect of the expropriation of land where the factory operated by RBJAC is located pursuant to which the Dadong Government has agreed to a total monetary compensation of RMB451,401,416, which shall be payable to RBJAC (i) as to RMB90,280,283 within 30 days from the date of delivery by RBJAC of all relevant ownership documents and certificates required for applying for land ownership registration and property cancellation registration, and (ii) the balance of RMB361,121,133 on or before 31st March, 2025 upon delivery of the expropriated land and building by RBJAC.

(c) Lease agreement

As announced by the Company on 17th July, 2024, on 16th July, 2024, 瀋陽汽車城開發建設集團有限公司, a company established in the PRC with limited liability and a wholly-owned subsidiary of the State-owned Assets Supervision and Administration Bureau of Dadong District, Shenyang City* (瀋陽市大東區國有資產監督管理局), and RBJAC entered into a lease agreement for the lease of Factory Building A, No. 39 Dongwang Street, Dadong District, Shenyang City, Liaoning Province, the PRC (the “Premises”) for a term of 10 years commencing from the date of delivery of the Premises to RBJAC (with a rent-free period for the initial 3 years). The Premises will be used by RBJAC as its new office premises and factory for the business operation of RBJAC.

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) (who resigned as the Chairman and a director with effect from 11th September, 2024), Mr. Zhang Yue (Chief Executive Officer), Mr. Zhang Wei and Mr. Xu Daqing; and four independent non-executive directors, Mr. Song Jian, Mr. Jiang Bo, Mr. Dong Yang and Dr. Lam Kit Lan, Cynthia.

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

Hong Kong, 22nd August, 2024