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# Brilliance Auto

華 晨 汽 車

## BRILLIANCE CHINA AUTOMOTIVE HOLDINGS LIMITED

( 華 晨 中 國 汽 車 控 股 有 限 公 司 ) \*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1114)

### ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2021

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, 2021. 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,	
	Note	2021 RMB'000	2020 RMB'000 (Restated)
<b>Revenue</b>	5	<b>1,525,644</b>	1,450,056
Cost of sales		<u>(1,410,205)</u>	<u>(1,372,713)</u>
<b>Gross profit</b>		<b>115,439</b>	77,343
Other income		<b>34,582</b>	122,345
Interest income		<b>38,365</b>	96,528
Selling expenses		<b>(92,717)</b>	(96,607)
General and administrative expenses		<b>(262,414)</b>	(590,123)
Net expected credit loss (“ECL”) allowance on loans and receivable		<b>(449,865)</b>	(4,740,125)
Loss on unauthorised guarantees		–	(1,917,062)
Finance costs		<b>(71,643)</b>	(58,851)
Share of results of:			
Joint ventures		<b>8,138,572</b>	4,383,255
Associates		<b>25,264</b>	(52,675)
<b>Profit (Loss) before income tax expense</b>	6	<b>7,475,583</b>	(2,775,972)
Income tax expense	7	<b>(6,062)</b>	(12,948)
<b>Profit (Loss) for the period</b>		<b>7,469,521</b>	(2,788,920)

\* For identification purposes only

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

		<b>(Unaudited)</b>	
		<b>For the six months ended</b>	
		<b>30th June,</b>	
		<b>2021</b>	2020
	<i>Note</i>	<b>RMB'000</b>	<i>RMB'000</i>
			(Restated)
<b>Attributable to:</b>			
Equity holders of the Company		<b>7,607,111</b>	(2,493,489)
Non-controlling interests		<b>(137,590)</b>	(295,431)
		<b><u>7,469,521</u></b>	<b><u>(2,788,920)</u></b>
<b>Earnings (Loss) per share</b>	<b>8</b>		
– Basic		<b>RMB1.50777</b>	RMB(0.49422)
– Diluted		<b>RMB1.50777</b>	RMB(0.49422)
		<b><u>RMB1.50777</u></b>	<b><u>RMB(0.49422)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited)	
	For the six months ended	
	30th June,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)
<b>Profit (Loss) for the period</b>	<b>7,469,521</b>	<b>(2,788,920)</b>
<b>Other comprehensive (expense) income that will be subsequently reclassified to consolidated statement of profit or loss, net of tax</b>		
Share of other comprehensive (expense) income of a joint venture	(960,327)	739,260
Share of other comprehensive expense of an associate	–	(88)
Fair value loss on notes receivable at fair value through other comprehensive income (“FVOCI”)	(707)	(590)
	<b>(961,034)</b>	<b>738,582</b>
<b>Other comprehensive expense that will not be subsequently reclassified to consolidated statement of profit or loss, net of tax</b>		
Change in fair value of equity investments	2,681	(851)
	<b>(958,353)</b>	<b>737,731</b>
<b>Total comprehensive income (expense) for the period</b>	<b>6,511,168</b>	<b>(2,051,189)</b>
<b>Attributable to:</b>		
Equity holders of the Company	6,648,883	(1,755,197)
Non-controlling interests	(137,715)	(295,992)
	<b>6,511,168</b>	<b>(2,051,189)</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) As at <b>30th June, 2021</b> <i>RMB'000</i>	(Audited) As at 31st December, 2020 <i>RMB'000</i>
	<i>Note</i>		
<b>Non-current assets</b>			
Intangible assets		<b>668,164</b>	618,058
Property, plant and equipment		<b>1,546,901</b>	1,593,482
Construction-in-progress		<b>517,998</b>	529,212
Land lease prepayments		<b>79,206</b>	80,265
Interests in joint ventures		<b>37,138,569</b>	29,960,324
Interests in associates		<b>1,132,745</b>	1,108,960
Equity investments		<b>9,562</b>	6,881
Long-term loan receivables		<b>1,990,088</b>	2,613,356
Other non-current assets		<b>121,020</b>	116,829
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>43,204,253</b>	36,627,367
<b>Current assets</b>			
Cash and cash equivalents		<b>1,147,270</b>	2,021,771
Statutory deposit reserves at central bank		<b>39,041</b>	31,564
Short-term bank deposits		–	500,000
Pledged and restricted short-term bank deposits	<i>10</i>	<b>1,846,755</b>	1,514,023
Inventories		<b>399,611</b>	505,883
Accounts receivable	<i>11</i>	<b>499,880</b>	896,261
Notes receivable		<b>143,216</b>	108,501
Other current assets		<b>3,279,298</b>	5,769,343
		<hr/>	<hr/>
<b>Total current assets</b>		<b>7,355,071</b>	11,347,346

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

		(Unaudited) As at 30th June, 2021 <i>RMB'000</i>	(Audited) As at 31st December, 2020 <i>RMB'000</i>
	<i>Note</i>		
<b>Current liabilities</b>			
Accounts payable	12	1,205,840	1,459,316
Notes payable		1,562,395	1,941,987
Other current liabilities		1,548,167	4,000,960
Short-term bank borrowings		3,483,900	4,528,700
Long-term bank borrowings due within one year		529,900	217,200
Income tax payable		693	14,176
Provision for loss on unauthorised guarantees	14	1,917,062	1,917,062
<b>Total current liabilities</b>		<u>10,247,957</u>	<u>14,079,401</u>
<b>Net current liabilities</b>		<u>(2,892,886)</u>	<u>(2,732,055)</u>
<b>Total assets less current liabilities</b>		<u>40,311,367</u>	<u>33,895,312</u>
<b>Non-current liabilities</b>			
Other non-current liabilities		149,069	157,182
Long-term bank borrowings		–	381,000
<b>Total non-current liabilities</b>		<u>149,069</u>	<u>538,182</u>
<b>Net assets</b>		<u>40,162,298</u>	<u>33,357,130</u>
<b>Capital and reserves</b>			
Share capital		397,176	397,176
Reserves		39,537,488	32,888,605
Total equity attributable to equity holders of the Company		39,934,664	33,285,781
Non-controlling interests		227,634	71,349
<b>Total equity</b>		<u>40,162,298</u>	<u>33,357,130</u>

## NOTES:

### 1. ORGANISATION AND OPERATIONS

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

The principal activities of the Group are set out in note 5 to this announcement.

### 2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES

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

These consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the consolidated annual financial statements for the year ended 31st December, 2020, except for the adoption of the new and revised HKFRSs (which include individual HKFRSs, HKASs and interpretations) as disclosed in note 3 to this announcement.

These consolidated interim financial statements are unaudited and do not include all the information and disclosures required in the consolidated annual financial statements, and should be read in conjunction with the Group's consolidated annual financial statements for the year ended 31st December, 2020.

### 3. ADOPTION OF NEW AND AMENDED HKFRSs

In the current period, the Group has applied for the first time the following new and amended HKFRSs (the "New and Amended HKFRSs") issued by the HKICPA, which are relevant to the Group and are effective for the Group's consolidated financial statements for the annual financial period beginning on 1st January, 2021.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
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The adoption of these New and Amended HKFRSs had no material impact on how the results and financial positions for the current and prior periods have been prepared and presented.

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

#### 4. RESTATEMENTS TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST SIX MONTHS OF 2020

In accordance with the annual consolidated financial statements for the year ended 31st December, 2020, the Company formed an independent board committee and appointed independent investigator to investigate the unauthorised pledged short-term bank deposits, unauthorised guarantees and resulting legal proceedings, and fund inflows and outflows without commercial rationale. Based on the findings of the independent investigator, the Company restated the unaudited consolidated statement of profit or loss for the six months ended 30th June, 2020 in these unaudited condensed consolidated interim financial statements. The restatements increase net ECL allowance on loans and receivables by RMB4,701,630,000 (including RMB3,550,000,000 for pledged short-term bank deposits, RMB1,112,373,000 for other receivables and RMB39,257,000 for amounts due from an affiliated company), and provision for loss on unauthorised guarantees of RMB1,917,062,000 and other income of RMB80,000,000 for the offset of amount due to Huachen Automotive Group Holdings Company Limited (“**Huachen**”), as included in the amounts due to affiliated companies, of the same amount for the Group’s loss of respective pledged short-term bank deposit. Details of the restatement are set out below:

	<b>As previously stated</b> <i>RMB’000</i>	<b>Restatement</b> <i>RMB’000</i>	<b>Restated amount</b> <i>RMB’000</i>
Net ECL allowance on loans and receivables	(38,495)	(4,701,630)	(4,740,125)
Other income	42,345	80,000	122,345
Loss on unauthorised guarantees	–	(1,917,062)	(1,917,062)
	<u>3,749,772</u>	<u>(6,538,692)</u>	<u>(2,788,920)</u>
Profit (Loss) for the period			

The restatements turn unaudited profit of the Group for the six months ended 30th June, 2020 of RMB3,749,772,000 into unaudited loss of RMB2,788,920,000 and turn the unaudited earnings per share during the six months ended 30th June, 2020 into unaudited loss per share as detailed below.

	<b>As previously stated</b> <i>RMB</i>	<b>Restatement</b> <i>RMB</i>	<b>Restated amount</b> <i>RMB</i>
Earnings (Loss) per share			
– Basic	0.80178	(1.29600)	(0.49422)
– Diluted	0.80178	(1.29600)	(0.49422)

## 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 in the People's Republic of China (the "PRC") through its major joint venture, BMW Brilliance Automotive Ltd. ("BBA"), the manufacture and sale of minibuses and multi-purpose vehicles ("MPVs") through its subsidiary, Renault Brilliance Jinbei Automotive Company Limited ("RBJAC") and 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,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Sale of minibuses, MPVs and automotive components, net of consumption tax, discounts and return	1,309,463	1,152,822
Interest and service charge income from provision of auto financing service, net of other indirect taxes	216,181	297,234
	<u>1,525,644</u>	<u>1,450,056</u>

The Group has identified the following reportable segments:

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

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

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

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

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



## 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, 2021

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

### 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, 2020

	(Unaudited)				
	Manufacture and sale of minibuses, MPVs and automotive components <i>RMB'000</i>	Manufacture and sale of BMW vehicles <i>RMB'000</i>	Provision of auto financing service <i>RMB'000</i>	Reconciliation to the Group's consolidated statement of profit or loss and intersegment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Segment sales to external customers	1,152,822	80,900,375	303,717	(80,906,858)	1,450,056
Segment results	(7,188,620)	11,701,557	50,731	(11,693,696)	(7,130,028)
Unallocated costs net of unallocated revenue					(14,201)
Interest income					96,528
Finance costs					(58,851)
Share of results of:					
Joint ventures	–	4,383,255	–	–	4,383,255
Associates	(52,675)	–	–	–	(52,675)
<b>Loss before income tax expense</b>					<b>(2,775,972)</b>

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

The assets and liabilities by reportable segments as at 30th June, 2021

(Unaudited)					
	Manufacture and sale of minibuses, MPVs and automotive components <i>RMB'000</i>	Manufacture and sale of BMW vehicles <i>RMB'000</i>	Provision of auto financing service <i>RMB'000</i>	Reconciliation to the Group's consolidated statement of financial position and intersegment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	7,467,800	148,831,292	5,309,435	(149,482,981)	12,125,546
Interests in joint ventures	–	37,138,569	–	–	37,138,569
Interests in associates	1,132,745	–	–	–	1,132,745
Equity investments					9,562
Unallocated assets					152,902
<b>Total assets</b>					<b>50,559,324</b>
Segment liabilities	7,445,785	74,554,157	3,600,351	(75,211,994)	10,388,299
Unallocated liabilities					8,727
<b>Total liabilities</b>					<b>10,397,026</b>
Other disclosure:					
Impairment losses on assets	963	–	–	–	963

The assets and liabilities by reportable segments as at 31st December, 2020

(Audited)					
	Manufacture and sale of minibuses, MPVs and automotive components <i>RMB'000</i>	Manufacture and sale of BMW vehicles <i>RMB'000</i>	Provision of auto financing service <i>RMB'000</i>	Reconciliation to the Group's consolidated statement of financial position and intersegment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	11,302,384	139,305,840	6,078,299	(139,963,280)	16,723,243
Interests in joint ventures	–	29,960,324	–	–	29,960,324
Interests in associates	1,108,960	–	–	–	1,108,960
Equity investments					6,881
Unallocated assets					175,305
<b>Total assets</b>					<b>47,974,713</b>
Segment liabilities	10,887,881	79,385,192	4,383,453	(80,048,778)	14,607,748
Unallocated liabilities					9,835
<b>Total liabilities</b>					<b>14,617,583</b>
Other disclosure:					
Impairment losses on assets	930,160	126,123	–	(126,123)	930,160

## 6. PROFIT (LOSS) BEFORE INCOME TAX EXPENSE

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

	(Unaudited)	
	For the six months ended	
	30th June,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)
<b>Charging:</b>		
ECL allowance for:		
– Pledged and restricted short-term bank deposits	–	3,550,000
– Loan receivables	4,400	33,328
– Other receivables	146	1,112,814
– Other receivables grouped under non-current assets	52	3
– Accounts receivable from affiliated companies	–	3,981
– Amounts due from affiliated companies	454,055	40,512
Cost of inventories	1,301,191	1,232,291
Impairment losses on owned assets:		
– Intangible assets (b)	–	106,229
– Property, plant and equipment and construction-in-progress (b)	963	189,661
Amortisation of intangible assets (a)	34,796	54,006
Amortisation of land lease prepayments	1,059	1,058
Depreciation of property, plant and equipment:		
– Owned assets	109,964	135,448
– Right-of-use assets	11,226	11,625
Staff costs (including directors' emoluments)	270,542	319,975
Provision for inventories	3,802	2,932
Research and development costs (b)	18,506	52,521
Warranty provision	3,899	4,873
Lease charges:		
– Short-term leases with lease term of 12 months or shorter	8,224	5,990
– Low value items	79	191
Loss on disposal of property, plant and equipment	472	2,897
Exchange loss, net (b)	6,339	–
	<hr/>	<hr/>
<b>Crediting:</b>		
Exchange gain, net (b)	–	9,297
Rental income from land and buildings	2,200	2,355
Reversal of ECL allowance for:		
– Accounts receivable	7,814	513
– Accounts receivable from affiliated companies	974	–
Write back of provision for inventories sold	129,899	6,554
	<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.

## 7. INCOME TAX EXPENSE

Income tax expense represents PRC corporate income tax on the estimated taxable profits and PRC withholding tax on dividends of the subsidiaries in the PRC during the period.

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

## 8. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is calculated by dividing the profit attributable to equity holders of the Company for the six months ended 30th June, 2021 of approximately RMB7,607,111,000 (*Six months ended 30th June, 2020: loss of approximately RMB2,493,489,000 (as restated)*) by the weighted average number of ordinary shares of 5,045,269,000 shares (*Six months ended 30th June, 2020: 5,045,269,000 shares*).

Diluted earnings per share is the same as basic earnings per share for the six months ended 30th June, 2021 as there was no potential dilutive ordinary share in issue during the period (*Six months ended 30th June, 2020: same*).

## 9. DIVIDENDS

The directors of the Company did not recommend any dividend payment at the board meeting held on 29th July, 2022 in respect of the Group's interim results for the six months ended 30th June, 2021. As disclosed by the Company previously, a special dividend of HK\$0.30 and a dividend of HK\$0.11 per ordinary share of the Company (collectively, the "Dividends") have been declared by the directors of the Company on 13th July, 2020. The Dividends were paid on 6th August, 2020.

## 10. PLEDGED AND RESTRICTED SHORT-TERM BANK DEPOSITS

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

	(Unaudited) As at 30th June, 2021 RMB'000	(Audited) As at 31st December, 2020 RMB'000
Restricted short-term deposits ( <i>Note i</i> )	<u>485,669</u>	<u>87,243</u>
Pledged short-term bank deposits for:		
Issue of bank guaranteed notes by		
– the Group to accounts payable ( <i>Note ii</i> )	1,146,986	1,212,680
– Shenyang Brilliance Power Train Machinery Co., Ltd. ( <b>"Brilliance Power"</b> ) ( <i>Note iii</i> )	–	300,000
– Shenyang Huayixin Automobile Sales Co., Ltd. ( <b>"Huayixin"</b> ) ( <i>Note iii</i> )	–	350,000
– Huachen ( <i>Note iii</i> )	–	400,000
Bank loans granted to Shenyang JinBei Automotive Co., Ltd. ( <b>"JBC"</b> )	<u>214,100</u>	<u>214,100</u>
	<u>1,361,086</u>	2,476,780
Less: ECL allowance	–	(1,050,000)
	<u>1,361,086</u>	<u>1,426,780</u>
Total pledged and restricted short-term bank deposits	<u>1,846,755</u>	<u>1,514,023</u>

## 10. PLEDGED AND RESTRICTED SHORT-TERM BANK DEPOSITS (Cont'd)

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

*Note ii:* As at 30th June, 2021, the Group had also pledged bank guaranteed notes receivable from third parties and related parties of approximately RMB93.2 million (*As at 31st December, 2020: approximately RMB63.2 million*) to secure the issue of bank guaranteed notes.

*Note iii:* As detailed in the Group's annual consolidated audited financial statements for the year ended 31st December, 2020, the former management of SJAI, acted in accordance with the instructions of Huachen, provided deposits pledge to certain banks for the bank financing offered to Brilliance Power, Huayixin and Huachen. The respective pledged short-term bank deposits at 31st December, 2020 amounted to RMB1,050,000,000 and were all deducted by the banks during the first six months ended 30th June, 2021. ECL allowance for the full RMB1,050,000,000 was already recognised at 31st December, 2020.

The board of directors of the Company has engaged legal counsel to examine the legality of the pledged short-term bank deposits and to advise on the chance of recovery of the pledged short-term bank deposits.

## 11. ACCOUNTS RECEIVABLE

	(Unaudited) As at 30th June, 2021 RMB'000	(Audited) As at 31st December, 2020 RMB'000
Accounts receivable	349,176	326,281
Accounts receivable from affiliated companies	150,704	569,980
	<b>499,880</b>	896,261

## 11. ACCOUNTS RECEIVABLE (Cont'd)

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

	(Unaudited) As at <b>30th June, 2021</b> <i>RMB'000</i>	(Audited) As at 31st December, 2020 <i>RMB'000</i>
Less than six months	333,277	314,418
Six months to one year	2,255	700
Above one year but less than two years	5,853	8,084
Above two years but less than five years	30,823	33,716
Five years or above	47,375	47,584
	<hr/>	<hr/>
	419,583	404,502
Less: ECL allowance	(70,407)	(78,221)
	<hr/>	<hr/>
	<b>349,176</b>	326,281
	<hr/>	<hr/>

As at 30th June, 2021, accounts receivable from third parties of approximately RMB40 million (*As at 31st December, 2020: approximately RMB44 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.

## 12. ACCOUNTS PAYABLE

	(Unaudited) As at <b>30th June, 2021</b> <i>RMB'000</i>	(Audited) As at 31st December, 2020 <i>RMB'000</i>
Accounts payable	878,863	1,003,001
Accounts payable to affiliated companies	326,977	456,315
	<hr/>	<hr/>
	<b>1,205,840</b>	1,459,316
	<hr/>	<hr/>

## 12. ACCOUNTS PAYABLE (Cont'd)

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

	(Unaudited) As at 30th June, 2021 RMB'000	(Audited) As at 31st December, 2020 RMB'000
Less than six months	629,458	743,543
Six months to one year	36,575	37,606
Above one year but less than two years	28,868	44,726
Two years or above	183,962	177,126
	<u>878,863</u>	<u>1,003,001</u>

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

## 13. CONTINGENT LIABILITIES

Although the cross guarantees arrangement between the Group and JBC for banking facilities up to a maximum amount of RMB600 million ended on 1st January, 2021, the bank loans and other banking facilities utilised by JBC were still secured by the Group's guarantees and pledged short-term bank deposits as they had not reached maturity date for repayment which is December 2021.

The bank loans and other banking facilities totalling RMB236 million as at 30th June, 2021 (*As at 31st December, 2020: RMB236 million*) utilised by JBC was still secured by the Group's guarantees and of which RMB206 million (*As at 31st December, 2020: RMB206 million*) was secured by the Group pledged short-term bank deposits of RMB214.1 million (*As at 31st December, 2020: RMB214.1 million*).

The Group's pledged short-term bank deposits of RMB206 million deducted by the bank in December 2021 had been fully repaid by JBC to the Group in April 2022.

## 14. PROVISION FOR LOSS ON UNAUTHORISED GUARANTEES

As detailed in the audited financial statements for the year ended 31st December, 2020, the former management of SJAI, acted in accordance with the instructions of Huachen, entered into "undisclosed guarantee" agreements with the four creditor banks for providing unauthorised guarantees to these creditor banks for bank financing to Huachen. These unauthorised guarantees were all entered by 30th June, 2020. The creditor banks sued the Group for the losses after Huachen failed to repay. The courts in the PRC had issued judgements that the Group is responsible for 50% of the final unsettled bank loans by Huachen in legal proceedings from three out of these four banks. The legal proceedings from the remaining one bank is still in progress but it is advised by the PRC lawyer of SJAI that the outcome would be similar. As it is uncertain as to how much Huachen is able to repay to these banks eventually, a loss on the unauthorised guarantees of RMB1,917,062,000, which is based on 50% provision for the respective bank facilities utilised by Huachen plus the respective legal costs, is recognised for the loss on these unauthorised guarantees by 30th June, 2020.

## 15. MATERIAL SUBSEQUENT EVENT

In the meeting of directors of RBJAC held in July 2021, the directors of RBJAC suggested the Group and another shareholder of RBJAC to consider a restructuring of RBJAC (the “**RBJAC Restructuring**”) including the option of seeking new investors or to liquidate RBJAC if invitation of new investors is not successful. Both the Group and the other shareholder of RBJAC accepted the proposal. The proposal was made due to the sudden tightening of bank financing as a result of restructuring of Huachen and the overall tightening of bank financing in the PRC. The sudden credit crunch was unpredictable and has jeopardised the production plan of RBJAC.

As published in the announcement of the Company dated 12th January, 2022, the application for the RBJAC Restructuring was accepted by the Shenyang Intermediate People’s Court on 12th January, 2022 (the “**Court Order**”). Pursuant to the Court Order, a restructuring committee of RBJAC to be headed by Mr. Gao Wei (高巍), the director of the general law office of the State-owned Assets Supervision and Administration Commission of Liaoning Provincial People’s Government, was appointed by the Shenyang Intermediate People’s Court as the administrator to administer the RBJAC Restructuring.

At the request of RBJAC, on 8th July, 2022, the Shenyang Intermediate People’s Court granted an extension to 12th October, 2022 for RBJAC to submit its restructuring plan.

Although the Company will continue to closely monitor the development of the RBJAC Restructuring and actively cooperate with the subsequent restructuring procedures imposed by the Shenyang Intermediate People’s Court, it is too early for the Group to assess the final outcome of the RBJAC Restructuring and the impact on the consolidated financial statements at the date these consolidated financial statements are approved.



## MANAGEMENT'S DISCUSSION & ANALYSIS

### Business Discussion and Analysis

The unaudited consolidated revenues of the Group (which comprised primarily net sales derived from the businesses operated by our major operating subsidiaries including RBJAC, Xing Yuan Dong, BBAFC, Ningbo Yumin and Mianyang Ruian) for the first six months of 2021 was RMB1,525.6 million, representing an increase of 5.2% from RMB1,450.1 million generated during the same period in 2020. The increase in revenues was mainly driven by an increase in volume sold as a result of the introduction of the Jinbei Haise King, which is a new model positioned for the high-end MPV market segment. The increase in revenue from sale of minibuses, MPVs and automotive components was partially offset by a decrease in revenue generated from the provision of auto financing services as a result of deliberate controlling of its new business volumes for liquidity risk management.

RBJAC sold 13,279 minibuses and MPVs in the first half of 2021, representing a 13.2% increase from the 11,733 units sold during the same period in 2020. Out of these vehicles sold, 6,578 units were contributed from the launch of the Jinbei Haise King in the first half of 2021. On the other hand, 6,689 units Haise minibuses were sold in the first half of 2021, representing a decrease of 38.0% from 10,782 units sold during the first six months of 2020. Furthermore, sales volume of the Granse MPV also decreased by 98.7% from 951 units for the first half of 2020 to 12 units for the same period in 2021. The decreases in the sales volumes of Haise and Granse were due to direct impact to these matured models brought by the launch of the Jinbei Haise King, as well as increasingly intensive market competition.

Unaudited cost of sales increased by 2.7% from RMB1,372.7 million in the first six months of 2020 to RMB1,410.2 million for the same period in 2021. The unaudited gross profit of the Group increased by 49.3% from RMB77.3 million in the first six months of 2020 to RMB115.4 million for the same period in 2021. Consequently, the unaudited gross profit margin of the Group improved to 7.6% in the first half of 2021 when compared to 5.3% for the same period last year.

Unaudited other income decreased by 71.7% from RMB122.3 million (as restated) in the first six months of 2020 to RMB34.6 million for the same period in 2021. The decrease was mainly due to a reduction in government grant income, as well as an amount due to Huachen of RMB80.0 million which was restated as other income for the first half of 2020 to offset the ECL allowance recorded from the loss of the Group's pledged short-term bank deposits for securing Huachen's loans.

Unaudited interest income decreased by 60.2% from RMB96.5 million in the first six months of 2020 to RMB38.4 million for the same period in 2021 due to decrease of bank deposits.

Unaudited selling expenses decreased by 4.0% from RMB96.6 million in the first half of 2020 to RMB92.7 million for the same period in 2021. The decrease in selling expenses was driven mainly by reduction of staff costs through implementation of cost control. As a result, selling expenses as a percentage of revenue decreased from 6.7% to 6.1% as compared to the same period in 2020.

Unaudited general and administrative expenses (excluding net ECL allowance on loans and receivables) decreased by 55.5% from RMB590.1 million in the first six months of 2020 to RMB262.4 million for the same period in 2021 mainly due to impairment loss recognised for property, plant and equipment and construction-in-progress and intangible assets during the first half of 2020. As a result, general and administrative expenses as a percentage of revenue have decreased from 40.7% in the first half of 2020 to 17.2% for the same period in 2021.

Net ECL allowance on loans and receivables recognised in the first half of 2021 amounted to RMB449.9 million, a decrease of 90.5% from RMB4,740.1 million (as restated) in the same period of 2020. The decrease is due to net ECL allowance restated and recorded for first half 2020 for pledged and restricted short-term bank deposits, amounts due from affiliated companies and other receivables. In addition, the Group also restated and recorded loss on unauthorised guarantees of RMB1,917.1 million for the first half of 2020 for the estimated loss arising from the unauthorised guarantees given to certain banks for Huachen.

Unaudited finance costs increased by 21.6% from RMB58.9 million for the first six months of 2020 to RMB71.6 million for the same period in 2021, due to increase of bank borrowings.

The Group's unaudited share of result of joint venture represents contribution from BBA. Unaudited net profit contributed to the Group by BBA increased by 85.7% from RMB4,383.3 million in the first half of 2020 to RMB8,138.6 million for the same period this year. The BMW joint venture achieved sales of 354,629 units in the first six months of 2021, an increase of 35.3% as compared to 262,012 BMW vehicles sold in the same period in 2020. The sales volumes of BBA by models are listed in the table below:

<b>BBA BMW Models</b>	<b>1H2021 (Units)</b>	<b>1H2020 (Units)</b>	<b>% Change</b>
1-series sedan	19,530	16,948	15.2%
2-series active tourer	–	15	0%
3-series	101,025	64,973	55.5%
5-series	87,405	70,095	24.7%
X1	53,330	41,690	27.9%
X2	12,014	11,245	6.8%
X3	81,325	57,046	42.6%
<b>Total BMW vehicles</b>	<b>354,629</b>	<b>262,012</b>	<b>35.3%</b>
Of which BEVs	7,887	0	n/a

The Group's unaudited share of results of associates turned from a loss of RMB52.7 million in the first half of 2020 to a profit of RMB25.3 million in the same period in 2021. This was primarily attributable to share of profit from Xincheng China Power Holdings Limited.

The Group's unaudited result before income tax expense turned into a profit of RMB7,475.6 million in the first half of 2021 from an unaudited loss before income tax expense of RMB2,776.0 million (as restated) for the same period in 2020. Unaudited income tax expense has decreased by 52.7% from RMB12.9 million in the first half of 2020 to RMB6.1 million for the same period in 2021, due to a decrease of income tax of BBAFC.

As a result of the above, the Group recorded an unaudited profit attributable to equity holders of the Company of RMB7,607.1 million for the first half of 2021 compared to an unaudited loss attributable to equity holder of RMB2,493.5 million for the same period in 2020. Unaudited basic earnings per share for the six months ended 30th June, 2021 amounted to RMB1.50777 compared to an unaudited loss per share of RMB0.49422 for the same period in 2020.

## **Prospects**

China's economy sustained recovery of both production and demand during the first half of 2021. China's GDP expanded by 12.7% during the first six months of 2021, which underscores a remarkable turnaround from the first half of 2020 when the economy suffered a dramatic collapse triggered by the outburst of the coronavirus pandemic. According to the China Association of Automobile Manufacturers, total Chinese vehicle sales increased by 25.6% to 12.9 million units in the first six months of 2021. Of this figure, passenger vehicle sales accounted for 10.0 million units, an increase of 27.0% from the same period last year. Premium passenger vehicle sales in China once again surpassed overall segment growth with a significant rebound of approximately 41.0% during the period.

During the first six months of 2021, BBA continued to deliver exceptional results amidst an uncertain business environment. BBA achieved sales of 354,629 units during 1H2021, representing an increase of approximately 35.3% compared to the same period last year. Each and every BBA BMW model brought in higher sales volume during the first half of 2021, with the new generation 3-series, the 5-series facelift and the newly introduced iX3 making the most meaningful volume contributions. The launch of the brand new pure-electric iX3 at the end of last year marked a new era of e-mobility and exports for BBA, representing the first BMW vehicle which is produced in China for China and for the world.

Concurrently, BBA has continued to expand its dealer network which had reached 585 full service 4S/5S shops nationwide as at 30th June, 2021. BBA's sales activities also continue to be supported by the BMW auto finance company, Herald International Financial Leasing Co. Ltd., and Ling Yue Digital Information Technology Co., Ltd., its wholly-owned digitalization company in China.

From a production standpoint the next big milestone for BBA is its Dadong NEX capacity expansion which will see the first locally-produced X5 come off the production line this October. Similar to Dadong NEX, the new plant at Tiexi is also expected to produce its first car in October, 2021. On supply side, the semiconductor chip shortage in the market started in the second quarter of 2021 and has been adversely affecting the car industry overall. BBA is watching the situation closely, and has been managing the situation very well with support from BMW AG.

As for our minibus and MPV business under RBJAC, this joint venture has been hard hit by the coronavirus pandemic resulting in a further decline in sales volume during the first half of 2021. Despite introduction of a new strategic plan “Transformation” and the launch of a new LCV product “Haise King” in 2020, the business of RBJAC still faced a lot of challenges in a highly competitive market. RBJAC applied to Shenyang Intermediate People’s Court on 30th December, 2021 for a restructuring. RBJAC is still undergoing the restructuring.

BBAFC, our auto finance subsidiary in China, has experienced positive recovery during the period in 2021 against the challenges faced from Huachen’s re-organization process. BBAFC was able to successfully maintain its growth momentum through the strategic development of long-term partnerships with key brand partners, namely Jaguar Land Rover (JLR) and Tesla. This was further supported by the improved liquidity status from various funding channels, as well as strengthened retail co-lending and other innovative funding solutions that have been implemented. Despite the positive developments, BBAFC may face reduced profitability this financial year due to intentional controlling of the new business volumes as the liquidity risk management remains a primary priority. Looking ahead, BBAFC continues to build on its reputation as the ‘Green Finance Specialists’ utilizing the improving liquidity situation, well managed credit risk controls and the continued process improvements to enhance its overall efficiencies.

In 2021, Ningbo Yumin recorded stable growth in business expansion and operating results. According to the 2021 Market Share and Ranking of Sunroof Aluminium Guide Rails for Passenger Vehicles (Zhong Qi Xie Han Zi [2022] No. 331) (《2021年乘用車鋁製天窗導軌市場佔有率及排名證明》), Ningbo Yumin ranked first in China and third globally in terms of market share. In the next two to three years, it will continue to enhance its principal businesses and speed up the expansion into self-manufacture and processing of upstream and downstream industry chain. Moreover, in view of the current rapid development in lightweight product for new energy vehicles, Ningbo Yumin has expanded into the business of related lightweight aluminum alloy components.

In 2021, Mianyang Ruian continued to enhance its R&D efforts in range-extended hybrid, plug-in hybrid and other vehicles, and the L9 range-extended hybrid vehicles equipped with the products of Mianyang Ruian have been launched on the market. In addition, the camshafts for the Nordthor Power DHE-15 plug-in hybrid vehicles of Geely Automobile went into mass production in 2021 and will be launched to overseas markets together with Geely’s new energy vehicles this year.

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

### **Liquidity and Financial Resources**

As at 30th June, 2021, the Group had RMB1,147.3 million in cash and cash equivalents (*As at 31st December, 2020: RMB2,021.8 million*), RMB39.0 million in statutory deposit reserves at central bank (*As at 31st December, 2020: RMB31.6 million*) and RMB1,846.8 million in pledged short-term bank deposits (*As at 31st December, 2020: RMB1,514.0 million*). As at 30th June, 2021, the Group had accounts payable in the amount of RMB1,205.8 million (*As at 31st December, 2020: RMB1,459.3 million*). As at 30th June, 2021, the Group had notes payable in the amount of RMB1,562.4 million (*As at 31st December, 2020: RMB1,942.0 million*).

As at 30th June, 2021, the Group had outstanding short-term bank borrowings of RMB3,483.9 million (*As at 31st December, 2020: RMB4,528.7 million*), and long-term bank borrowings due within one year of RMB529.9 million (*As at 31st December, 2020: RMB217.2 million*).

All short-term bank borrowings as at 30th June, 2021 were due within one year, and being repayable from 5th July, 2021 to 1st July, 2022 (*As at 31st December, 2020: repayable from 4th January, 2021 to 21st December, 2021*). As at 30th June, 2021, all short-term bank borrowings were interest-bearing at rates ranging from 3.5% to 9.0% per annum (*As at 31st December, 2020: 3.5% to 8.2% per annum*), and were denominated in Renminbi (*As at 31st December, 2020: Renminbi*).

Included in short-term bank borrowings is a bank borrowing of RMB827 million (*As at 31st December, 2020: RMB760 million*) from a non-controlling interest of BBAFC. The interest incurred on the respective bank borrowings for the six months ended 30th June, 2021 amounted to approximately RMB22 million (*Six months ended 30th June, 2020: approximately RMB17.5 million*).

As at 30th June, 2021, all long-term bank borrowings were due within one year, being repayable from 20th July, 2021 to 13th May, 2022 (*As at 31st December, 2020: repayable from 20th January, 2021 to 1st December, 2021*). As at 30th June, 2021, all long-term bank borrowings were interest-bearing at rates ranging from 4.1% to 5.23% per annum (*As at 31st December, 2020: 4.1% to 5.23% per annum*), and were denominated in Renminbi (*As at 31st December, 2020: Renminbi*).



With an aim to improve its liquidity, the Group regularly monitors its accounts receivable turnover and inventory turnover. For the six months ended 30th June, 2021, the Group's accounts receivable turnover days was approximately 82 days, compared to approximately 114 days for the year ended 31st December, 2020. Inventory turnover days was approximately 63 days for the six months ended 30th June, 2021, compared to approximately 78 days for the year ended 31st December, 2020.

### **Capital Structure and Funding Policies**

As at 30th June, 2021, the Group's total assets was approximately RMB50,559.3 million (*As at 31st December, 2020: approximately RMB47,974.7 million*), which was funded by the following: (a) share capital of RMB397.2 million (*As at 31st December, 2020: RMB397.2 million*), (b) reserves of RMB39,537.4 million (*As at 31st December, 2020: RMB32,888.6 million*), (c) total liabilities of RMB10,397.0 million (*As at 31st December, 2020: RMB14,617.6 million*) and (d) contribution from non-controlling interests of RMB227.6 million (*As at 31st December, 2020: RMB71.3 million*).

As at 30th June, 2021, 90.8% (*As at 31st December, 2020: 91.1%*) 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 1.4% (*As at 31st December, 2020: 2.6%*) were denominated in U.S. Dollar. The remaining balance of 7.8% (*As at 31st December, 2020: 6.3%*) were denominated in other currencies. Apart from the borrowings, banking facilities were in place for contingency purposes. As at 30th June, 2021, the Group's total available banking facilities for its daily operations amounted to RMB259.9 million (*As at 31st December, 2020: RMB961.8 million*) without any committed banking facilities.

The Group funds its short-term working capital requirement mainly through its own operational cash flow, short-term bank borrowings, issue of bank guaranteed notes and payment credit from its suppliers. The Group monitors and maintains a level of cash and cash equivalents considered adequate by the management to finance the Group's operations, expected expansion and product developments. Management also monitors the utilization 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 2021, the Group incurred capital expenditures of RMB150.5 million (*Six months ended 30th June, 2020: RMB299.0 million*) mainly for acquisition of both owned and right-of-use assets of tools and moulds, machinery and equipment, and development costs for minibuses and MPVs as well as specialised software.

As at 30th June, 2021, the Group's contracted capital commitments amounted to RMB857.7 million (*As at 31st December, 2020: RMB896.4 million*), which were related to the capital expenditures in respect of construction projects, acquisition of plant facilities and machinery, and others.

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

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, 2021.

## **New Business and New Products**

BBA will be introducing new BMW models of both internal combustion engine and battery electric drivetrains into the Chinese market over the next few years. The X3 facelift model will come to market in the second half of 2021, while the first locally-produced X5 as well as the first electrified 3-series LWB are both expected to be launched during 2022.

As for Mianyang Ruian, the camshafts for the Nordthor Power DHE-15 plug-in hybrid vehicles of Geely Automobile went into mass production in 2021 and will be launched to overseas markets together with Geely's new energy vehicles this year.

## **Employees, Remuneration Policy and Training Programmes**

The Group employed approximately 4,584 employees as at 30th June, 2021 (*As at 30th June, 2020: 5,390*). Employee costs amounted to RMB270.5 million for the six months ended 30th June, 2021 (*Six months ended 30th June, 2020: RMB320.0 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.

To enhance the overall quality and professional expertise standard of all employees, the Group provides training to its employees from time to time. RBJAC has developed and implemented "Procedures for Training Management (《培訓管理程序》)", and developed a training system and workflow incorporating induction training for new employees, training for personnel of special positions, management training, professional expertise training and quality training. The programmes cover a broad spectrum of topics such as professional skills, quality and ability, working efficiency, team cooperation, ethics and professional conduct. Employees are encouraged to attend training sessions to acquire the latest industry information and knowledge, new trends in vocational area and new information via different learning media including internet, in-house classes and external seminars, so as to enhance their ability and work quality.

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

## **Charge on Assets**

As at 30th June, 2021, short-term bank borrowings of RMB1,648.7 million (*As at 31st December, 2020: RMB2,242.7 million*) were secured by the Group's land lease prepayments with a net book value of approximately RMB2.0 million (*As at 31st December, 2020: approximately RMB2.1 million*), buildings, tools and moulds, machinery and equipment and construction-in-progress with an aggregate net book values of approximately RMB111.0 million (*As at 31st December, 2020, approximately RMB111.1 million*).

As at 30th June, 2021, long-term bank borrowings of RMB529.9 million (*As at 31st December, 2020: RMB598.2 million*) were secured by the Group's land lease prepayments with a net book value of approximately RMB29.1 million (*As at 31st December, 2020: approximately RMB29.4 million*) and buildings, plant and equipment with an aggregate net book value of approximately RMB25.7 million (*As at 31st December, 2020: approximately RMB52.3 million*).

In addition, as at 30th June, 2021, the Group pledged short-term bank deposits in an aggregate amount of RMB1,361.1 million for the following purposes (*As at 31st December, 2020: RMB2,476.8 million*): (a) RMB1,147.0 million for issue of bank guaranteed notes (*As at 31st December, 2020: RMB2,262.7 million*); and (b) RMB214.1 million (*As at 31st December, 2020: RMB214.1 million*) to secure bank loans granted to a third party. For details, please refer to note 10 of this announcement.

As at 30th June, 2021, the Group had restricted short-term bank deposits of RMB485.7 million (*As at 31st December, 2020: RMB87.2 million*) which represent the Group's short-term bank deposits designated by the courts in the PRC with restricted use for settlements of claims by creditors for payment disputes of purchases of goods and capital assets against the Group upon the final court judgements. The respective payable balances have been recognised in the consolidated financial statements and some of the cases have been resolved up to the date of these consolidated financial statements and the Group does not have to bear additional liabilities. For the court cases still underway, the directors of the Company also considered that the additional liabilities, if any, will not be material to the Group.

## **Future Plans for Material Investments or Additions of Capital Assets**

There was no plan authorised by the Board for material investments or additions of capital assets during the six months ended 30th June, 2021.

## **Gearing Ratio**

As at 30th June, 2021, the gearing ratio, computed by dividing total liabilities by total equity attributable to equity holders of the Company, was approximately 0.26 (*As at 31st December, 2020: approximately 0.44*). The decrease in the gearing ratio was primarily due to decrease in other payable and bank borrowing during the six months ended 30th June, 2021.



## Foreign Exchange Risks

The Group considers that exchange rate fluctuations may have some effect on the overall financial performance of the Group but it is still at an insignificant level. The Group will continue to monitor and may consider entering into hedging arrangements in order to minimise foreign exchange risks, if and when necessary. There were no outstanding hedging transactions as at 30th June, 2021 (*As at 30th June, 2020: nil*).

## Contingent Liabilities

Details of the contingent liabilities are set out in note 13 of this results announcement.

## DIVIDENDS

The directors of the Company did not recommend any dividend payment at the Board meeting held on 29th July, 2022 in respect of the Group's 2021 interim results. As disclosed by the Company previously, a special dividend of HK\$0.30 and a dividend of HK\$0.11 per ordinary share of the Company (collectively, the “**Dividends**”) have been declared by the directors of the Company on 13th July, 2020. The Dividends were paid on 6th August, 2020.

## IMPORTANT EVENTS AFFECTING THE GROUP THAT HAVE OCCURRED SINCE 30TH JUNE, 2021

Save as disclosed below, to the knowledge of the directors of the Company, there is no other important event affecting the Group since 30th June, 2021 and up to the date of this announcement:

### a) Restructuring of Huachen

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

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

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

## c) Restructuring of RBJAC

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

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

On 18th February, 2022, completion of the disposal of 25% equity interest in BBA by SJAI to BMW Holding B.V. (the “**Disposal**”) has taken place. The total amount of the consideration in the sum of RMB27,941,146,575.34 has been received by SJAI on 18th February, 2022. Following completion of the Disposal, the Company continues to indirectly hold 25% equity interest in BBA, which is an associate of the Company, and its financial results will continue to be equity accounted for in the financial statements of the Group. For further details, please refer to the Company’s announcement dated 11th February, 2022.

**e) Litigations against the Group**

- (i) 中國光大銀行股份有限公司瀋陽分行(China Everbright Bank Co., Ltd. (Shenyang Branch)\*) (“**China Everbright Bank**”) has brought a claim against SJAI in the sum of approximately RMB1,818 million (inclusive of interests accrued, legal costs and other costs and expenses) (the “**CEB RMB1,818 million Proceeding**”). The CEB RMB1,818 million Proceeding was heard by the Shenyang Intermediate People’s Court on 17th June, 2021. On 3rd December, 2021, the Shenyang Intermediate People’s Court issued its judgment in relation to the CEB RMB1,818 million Proceeding (the “**CEB RMB1,818 million Proceeding Trial Judgment**”). The CEB RMB1,818 million Proceeding Trial Judgment stipulates that SJAI shall (i) repay China Everbright Bank 50% of the principal of the loan together with interest in the amount of RMB1,817,198,869.16; and (ii) be liable for 50% of the case acceptance fee. China Everbright Bank has filed an appeal to the Liaoning High People’s Court (遼寧省高級人民法院) in relation to the CEB RMB1,818 million Proceeding Trial Judgment.
- (ii) China Everbright Bank has brought a claim against SJAI and 華晨汽車(鐵嶺)專用車有限公司(Huachen Automotive (Tieling) Special Purpose Vehicle Co., Ltd.\*) (“**Huachen Tieling**”), an associate of Huachen, in the sum of approximately RMB30 million (inclusive of interests accrued, legal costs and other costs and expenses) (the “**CEB RMB30 million Proceeding**”). The CEB RMB30 million Proceeding was heard by the Shenyang Intermediate People’s Court on 15th July, 2021. On 11th March, 2022, the Shenyang Intermediate People’s Court issued its judgment in relation to the CEB RMB30 million Proceeding (the “**CEB RMB30 million Proceeding Trial Judgment**”). The CEB RMB30 million Proceeding Trial Judgment stipulates that (1) Huachen Tieling shall (i) repay China Everbright Bank the principal of the loan in the amount of RMB29,543,496.84, interest accrued up to the date of repayment (as of 19th April, 2021, the total accrued interest amounted to RMB488,132.43) calculated in accordance with the terms of the loan agreement and legal fees of China Everbright Bank in the amount of RMB100,000 (together the “**CEB RMB30 million Repayment Order**”); and (ii) be liable for the case acceptance fee, and 50% of the preservation fee; and (2) SJAI shall be liable for (i) 50% of such amount of the CEB RMB30 million Repayment Order which cannot be discharged by Huachen Tieling; (ii) up to 50% of the case acceptance fee subject to the extent discharged by Huachen Tieling; and (iii) 50% of the preservation fee. At the request of China Everbright Bank, the Shenyang Intermediate People’s Court had also simultaneously issued a court order on 11th March, 2022 for the seizure of assets of Huachen Tieling and SJAI with the aggregate value of RMB30,131,629.27 (the “**CEB RMB30 million Seizure Order**”) as preservation for the CEB RMB30 million Repayment Order.

- (iii) China Everbright Bank has brought a claim against SJAI in the sum of approximately RMB156 million (inclusive of interests accrued, legal costs and other costs and expenses) (the “**CEB RMB156 million Proceeding**”). The CEB RMB156 million Proceeding was heard by the Shenyang Intermediate People’s Court on 27th August, 2021. On 8th December, 2021, the Shenyang Intermediate People’s Court issued its judgment in relation to the CEB RMB156 million Proceeding (the “**CEB RMB156 million Proceeding Trial Judgment**”). The CEB RMB156 million Proceeding Trial Judgment stipulates that SJAI shall (i) repay China Everbright Bank 50% of the principal of the loan together with interest in the amount of RMB155,602,540.41; and (ii) be liable for 50% of the case acceptance fee. China Everbright Bank has filed an appeal to the Liaoning High People’s Court in relation to the CEB RMB156 million Proceeding Trial Judgment.
- (iv) China Everbright Bank has brought a claim against SJAI in the sum of approximately RMB208 million (inclusive of interests accrued, legal costs and other costs and expenses) (the “**CEB RMB208 million Proceeding**”). The CEB RMB208 million Proceeding was heard by the Shenyang Intermediate People’s Court on 8th October, 2021. On 28th February, 2022, the Shenyang Intermediate People’s Court issued its judgment in relation to the CEB RMB208 million Proceeding (the “**CEB RMB208 million Proceeding Trial Judgment**”). The CEB RMB208 million Proceeding Trial Judgment stipulates that SJAI shall (i) repay China Everbright Bank 50% of the principal of the loan together with interest in the amount of RMB205,901,500.01; and (ii) be liable for 50% of the case acceptance fee, and the preservation fee in the amount of RMB5,000.
- (v) China Everbright Bank has brought a claim against SJAI in the sum of approximately RMB490 million (the “**CEB RMB490 million Proceeding**”). The CEB RMB490 million Proceeding was heard by the Shenyang Intermediate People’s Court on 22nd July, 2021. On 25th November, 2021, the Shenyang Intermediate People’s Court issued its judgment in relation to the CEB RMB490 million Proceeding (the “**CEB RMB490 million Proceeding Trial Judgment**”). The CEB RMB490 million Proceeding Trial Judgment stipulates that (1) according to the CEB RMB490 million Proceeding Trial Judgment, the subject loan under the CEB RMB490 million Proceeding was drawn by the defendant, as borrower (the “**CEB RMB490 million Proceeding Defendant**”), which was a group company of Huachen at the material time, and which shall (i) repay China Everbright Bank the principal of the loan in the amount of RMB493,272,918.78, interest accrued up to the date of repayment (as of 5th July, 2020, the total accrued interest amounted to RMB1,218,669.92) calculated in accordance with the terms of the loan agreement and legal fees of China Everbright Bank in the amount of RMB90,000 (together the “**RMB490 million Repayment Order**”); and (ii) be liable for the case acceptance fee and the preservation fee; and (2) SJAI shall be liable for (i) 50% of such amount of the RMB490 million Repayment Order which cannot be discharged by the CEB RMB490 million Proceeding Defendant; (ii) up to 50% of the case acceptance fee subject to the extent discharged by the CEB RMB490 million Proceeding Defendant and a group company of Huachen as guarantor; and (iii) the preservation fee. China Everbright Bank has filed an appeal to the Liaoning High People’s Court in relation to the CEB RMB490 million Proceeding Trial Judgment.



- (vi) At the request of China Everbright Bank, a court order has been issued by the Shenyang Intermediate People’s Court to freeze deposits of SJAI deposited with Industrial Bank Co., Ltd. Shenyang Branch (興業銀行股份有限公司瀋陽分行) (“**Industrial Bank**”) in the aggregate amount of RMB2,212,646,915.77 (collectively, the “**CEB Freezing Orders**”) in relation to the CEB RMB1,818 million Proceeding Trial Judgment, the CEB RMB156 million Proceeding Trial Judgment, the CEB RMB208 million Proceeding Trial Judgment and the CEB RMB30 million Proceeding Trial Judgment. As a result of the CEB Freezing Orders, an aggregate amount of RMB2,212,646,915.77 had been frozen by Industrial Bank for a period of 12 months (with commencement dates ranging from 25th February, 2022, 4th March, 2022 and 17th March, 2022) or until the respective CEB Freezing Orders have been discharged.
- (vii) 哈爾濱銀行股份有限公司瀋陽分行(Harbin Bank Co., Ltd. (Shenyang Branch)\*) (“**Harbin Bank**”) has brought a claim against SJAI in the sum of RMB300 million (the “**Harbin Bank RMB300 million Proceeding**”). The Harbin Bank RMB300 million Proceeding was heard by the Shenyang Intermediate People’s Court on 26th April, 2021. On 25th November, 2021, the Shenyang Intermediate People’s Court issued its judgment in relation to the Harbin Bank RMB300 million Proceeding (the “**Harbin Bank RMB300 million Proceeding Trial Judgment**”). The Harbin Bank RMB300 million Proceeding Trial Judgment stipulates that (1) Huachen shall (i) repay Harbin Bank the RMB300 million loan (the “**RMB300 million Repayment Order**”); and (ii) be liable for the case acceptance fee and the preservation fee; and (2) SJAI shall be liable for (i) 50% of such amount of the RMB300 million Repayment Order which cannot be discharged by Huachen; (ii) up to 50% of the case acceptance fee subject to the extent discharged by Huachen and the two group companies of Huachen as guarantors; and (iii) the preservation fee. Harbin Bank has filed an appeal to the Liaoning High People’s Court in relation to the Harbin Bank RMB300 million Proceeding Trial Judgment. At the request of Harbin Bank, a court order has been issued by the Shenyang Intermediate People’s Court to freeze bank deposits of SJAI deposited with Shengjing Bank Co., Ltd. in the amount of approximately RMB301 million or assets of equivalent value.
- (viii) 中國進出口銀行遼寧省分行(The Export-Import Bank of China (Liaoning Province Branch)\*) (“**Export-Import Bank**”) has brought a claim against SJAI in the sum of approximately RMB612 million (the “**EIB Proceeding**”). The EIB Proceeding was heard by the Shenyang Intermediate People’s Court on 26th July, 2021. On 7th December, 2021, the Shenyang Intermediate People’s Court issued its judgment in relation to the EIB Proceeding (the “**EIB Proceeding Trial Judgment**”). The EIB Proceeding Trial Judgment stipulates that SJAI shall (i) repay Export-Import Bank 50% of the principal of the loan together with interest in the amount of RMB612,435,515.74; and (ii) be liable for 50% of the case acceptance fee. Export-Import Bank has filed an appeal to the Liaoning High People’s Court in relation to the EIB Proceeding Trial Judgment. At the request of Export-Import Bank, a court order has been issued by the Shenyang Intermediate People’s Court to freeze deposits of SJAI deposited with Industrial Bank in the aggregate amount of RMB612,429,822.69 (the “**Export-Import Bank Freezing Order**”). As a result of the Export-Import Bank Freezing Order, an amount of RMB612,429,822.69 had been frozen by Industrial Bank from 1st July, 2022 for a period of 12 months or until the Export-Import Freezing Order has been discharged.

- (ix) 華夏銀行股份有限公司瀋陽和平支行(Huaxia Bank Co., Ltd. (Shenyang Heping Branch)\*) (“**Huaxia Bank**”) has brought a claim against SJA I in the sum of approximately RMB69 million (inclusive of interests accrued, legal costs and other costs and expenses) (the “**Huaxia Bank RMB69 million Proceeding**”). The Huaxia Bank RMB69 million Proceeding was heard by the Shenyang Intermediate People’s Court on 4th March, 2022. At the request of Huaxia Bank, a court order has been issued by the Shenyang Intermediate People’s Court to freeze deposits of SJA I deposited with Industrial Bank in the aggregate amount of RMB199,619,271.44 (the “**Huaxia Bank Freezing Order**”). As a result of the Huaxia Bank Freezing Order, an amount of RMB199,619,271.44 had been frozen by Industrial Bank from 22nd February, 2022 for a period of 12 months or until the Huaxia Bank Freezing Order has been discharged.
- (x) Huaxia Bank has brought a claim against SJA I in the sum of approximately RMB130 million (inclusive of interests accrued, legal costs and other costs and expenses) (the “**Huaxia Bank RMB130 million Proceeding**”). The Huaxia Bank RMB130 million Proceeding was heard by the Shenyang Intermediate People’s Court on 19th July, 2022.

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

## **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, 2021.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

Maintaining an effective corporate governance framework is one of the priorities of the Company. The Company has complied with the code provisions set out in Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30th June, 2021.

## **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, 2021.

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

## **BOARD OF DIRECTORS**

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

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

Hong Kong, 29th July, 2022