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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, 2024

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		(786)	(1,041)
Share of results of associates		<u>2,734,677</u>	<u>3,759,457</u>

* For identification purposes only

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

		(Unaudited)	
		For the six months ended	
		30th June,	
		2024	2023
	<i>Note</i>	RMB'000	RMB'000
Profit before income tax expense	6	2,937,756	4,022,647
Income tax expense	7	(1,472,119)	(277,161)
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		(7,621)	1,349
		<u>1,465,637</u>	<u>3,745,486</u>
Earnings per share	8		
– 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	<u>1,465,637</u>	<u>3,745,486</u>
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”)	<u>(157)</u>	<u>(141)</u>
	(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	<u>807</u>	<u>(2,320)</u>
	(269,624)	986,022
Total comprehensive income for the period	<u>1,196,013</u>	<u>4,731,508</u>
Attributable to:		
Equity holders of the Company	1,203,634	4,730,159
Non-controlling interests	<u>(7,621)</u>	<u>1,349</u>
	<u>1,196,013</u>	<u>4,731,508</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited)	(Audited)
	<i>Note</i>	As at 30th June, 2024 RMB'000	As at 31st December, 2023 RMB'000
Non-current assets			
Intangible assets		143,928	32,084
Property, plant and equipment		1,247,443	401,627
Land lease prepayments		72,851	73,911
Interests in associates		11,500,438	16,690,022
Equity investments		6,716	5,909
Long-term loan receivables		1,832,881	2,237,756
Prepayment for investment		–	282,557
Other non-current assets		130,272	128,074
		14,934,529	19,851,940
Total non-current assets			
Current assets			
Cash and cash equivalents		27,346,117	30,845,795
Statutory deposit reserves at central bank		47,500	57,500
Short-term bank deposits	10	645,868	2,500,975
Inventories		293,559	127,438
Accounts receivable	11	316,486	344,050
Notes receivable		122,208	99,918
Short-term loan receivables		1,059,455	1,192,100
Other current assets		3,528,552	134,904
		33,359,745	35,302,680
Assets held for disposal		334,027	–
		33,693,772	35,302,680
Total current assets			

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

		(Unaudited) As at 30th June, 2024 <i>RMB'000</i>	(Audited) As at 31st December, 2023 <i>RMB'000</i>
	<i>Note</i>		
Current liabilities			
Accounts payable	12	265,563	297,280
Notes payable		245,894	219,330
Other current liabilities		20,657,435	264,670
Short-term bank borrowings		570,000	924,500
Income tax payable		4,245	2,940
Provision for loss on unauthorised guarantees	13	593,511	1,469,944
Total current liabilities		<u>22,336,648</u>	<u>3,178,664</u>
Net current assets		<u>11,357,124</u>	<u>32,124,016</u>
Total assets less current liabilities		<u>26,291,653</u>	<u>51,975,956</u>
Non-current liabilities			
Other non-current liabilities		<u>96,086</u>	<u>84,821</u>
Net assets		<u>26,195,567</u>	<u>51,891,135</u>
Capital and reserves			
Share capital		397,176	397,176
Reserves		<u>24,713,658</u>	<u>50,720,928</u>
Total equity attributable to equity holders of the Company		25,110,834	51,118,104
Non-controlling interests		<u>1,084,733</u>	<u>773,031</u>
Total equity		<u>26,195,567</u>	<u>51,891,135</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").

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 to this announcement.

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 (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 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, 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

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 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.

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 mainly 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
	<i>RMB'000</i>		<i>RMB'000</i>
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
	<u>518,038</u>		<u>507,855</u>

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. 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
	<i>RMB'000</i>	<i>RMB'000</i>
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)	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.

7. INCOME TAX EXPENSE

	(Unaudited)	
	For the six months ended	
	30th June,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
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
	<u>1,472,119</u>	<u>277,161</u>

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

8. 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*).

9. DIVIDENDS

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

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*).

10. 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	<u>15,000</u>	<u>–</u>
Restricted short-term bank deposits (<i>Note i</i>)	463,690	2,324,385
Pledged short-term bank deposits for bank guaranteed notes issued by the Group (<i>Note ii</i>)	<u>167,178</u>	<u>176,590</u>
Total pledged and restricted short-term bank deposits	<u>630,868</u>	<u>2,500,975</u>
	<u>645,868</u>	<u>2,500,975</u>

Note i: As detailed in note 13 to this announcement, 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 of 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.

11. 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	<u>2,269</u>	<u>2,424</u>
	<u>316,486</u>	<u>344,050</u>

An aging analysis of accounts receivable 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	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	<u>22,176</u>	<u>17,957</u>
	358,265	383,866
Less: ECL allowance	<u>(44,048)</u>	<u>(42,240)</u>
	<u>314,217</u>	<u>341,626</u>

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.

12. 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	9,155	13,658
	<u>265,563</u>	<u>297,280</u>

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
	<u>256,408</u>	<u>283,622</u>

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

13. 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.

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 BBAFC) 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 re consolidated 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 re consolidating 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 13 to this announcement.

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

Future Plans for Material Investments or Additions of Capital Assets

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

Gearing Ratio

As at 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).

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 announcement:

(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.

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.

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. 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