



# BRILLIANCE CHINA AUTOMOTIVE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER, 2001

The board of directors (the "Board") of Brilliance China Automotive Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December, 2001 as follows:

**Consolidated Income Statement**  
for the year ended 31 December, 2001  
(Expressed in thousands of RMB except for per share amount)

	Note	2001	2000 (Note 5)
Turnover	2	6,218,436	6,306,430
Cost of sales		(4,307,988)	(4,436,155)
Gross profit		1,910,448	1,870,275
Other revenues	2	38,863	8,917
Selling expenses		(275,872)	(364,871)
General and administration expenses		(382,059)	(210,786)
Other expenses		(35,405)	(20,149)
Profit from operations		1,255,975	1,283,386
Interest income	2	106,285	106,351
Interest expense	2	(178,028)	(96,280)
Share of profits or losses of associated companies		45,448	74,423
Other income	2	—	181,600
Profit before taxation		1,229,680	1,549,480
Taxation		(121,655)	(322,534)
Profit after taxation		1,108,025	1,226,946
Minority interests		(207,756)	(268,317)
Net profit attributable to shareholders		900,269	958,629
Basic earnings per share	4	RMB0.2548	RMB0.3042
Diluted earnings per share	4	N/A	RMB0.2953

### 1. PRINCIPAL ACCOUNTING POLICIES

The financial statements of the Company and the Group have been prepared in accordance with Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants, and the accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("SEHK"). Principal accounting policies are summarized below:

#### a. Basis of measurement

The financial statements are prepared under the historical cost basis.

#### b. Turnover

Turnover represents the invoiced value of goods, net of consumption tax, discounts and returns.

#### c. Revenue recognition

Provided it is probable that the economic benefits associated with a transaction will flow to the Group and the revenues and costs, if applicable, can be measured reliably, turnover and other revenues are recognized on the following bases:

##### (i) Sale of goods

Sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to customers.

##### (ii) Interest income

Interest income is recognized on a time proportion basis on the principal outstanding and at the rate applicable.

##### (iii) Dividend income

Dividend income is recognized when the right to receive payment is established.

##### (iv) Subsidy income

Subsidy income is recognized when the right to receive subsidy is established.

#### d. Borrowing costs

Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds, including amortization of discounts or premiums relating to borrowings, amortization of ancillary costs incurred in connection with arranging borrowings and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Interest charges are expensed as incurred, except when they are directly attributable to the acquisition, construction or production of a specific asset that necessarily takes a substantial period of time to prepare for its intended use in which case they are capitalized as part of the cost of that asset. Capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and the activities to prepare the asset for its intended use are in progress. Borrowing costs are capitalized at the weighted average cost of the related borrowings (which includes the actual borrowing costs incurred on that borrowing less any investment income earned on the temporary investment of funds pending their expenditure) until the asset is ready for its intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Other borrowing costs are considered immaterial and are recognized as an expense in the year incurred.

#### e. Adoption of Statements of Standard Accounting Practice

In the current year, the Group has adopted, for the first time, the following Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants:

SSAP 9 (revised)	Events after the balance sheet date
SSAP 14 (revised)	Leases
SSAP 26	Segment reporting
SSAP 28	Provisions, contingent liabilities and contingent assets
SSAP 29	Intangible assets
SSAP 30	Business combinations
SSAP 31	Impairment of assets
SSAP 32	Consolidated financial statements and accounting for investments in subsidiaries

In addition to the adoption of the above standards, the Group has adopted the consequential changes made to SSAP 10 "Accounting for investments in associates", SSAP 17 "Property, plant and equipment" and SSAP 18 "Revenue".

The effects on the financial statements of the Group and the Company from the adoption of the above accounting standards are tabulated as follows:

	The Group and the Company			
	2001 Profit from operations RMB'000	2001 Opening balance of net assets RMB'000	2000 Profit from Operations RMB'000	2000 Opening balance of net assets RMB'000
SSAP 9 (revised)	—	17,912	—	6,497

SSAP 9 (revised) prescribes when an enterprise should adjust its financial statements for events after the balance sheet date and the disclosures that an enterprise should give about the date when the financial statements were authorized for issue and about events after the balance sheet date. In particular, if dividends to holders of equity instruments are proposed or declared after the balance sheet date, an enterprise should not recognize those dividends as a liability at the balance sheet date. This change in accounting policy has been applied retrospectively.

Other than those disclosed in the respective notes to the financial statements, the Company considers that the adoption of or the consequential changes made to the above SSAPs do not have a material impact on the financial statements of the Group and the Company. The 2000 comparative figures presented herein have incorporated the effect of adjustments resulting from the adoption of the new accounting standards above.

### 2. TURNOVER AND OTHER REVENUES

The Group is principally engaged in the manufacturing and sales of minibuses and automotive components in the PRC during the year ended 31 December, 2001.

An analysis of the Group's turnover and revenue is as follows:

	2001 RMB'000	2000 RMB'000
Turnover:		
Sales of minibuses	5,974,426	5,861,996
Sales of automotive components	244,010	444,434
	6,218,436	6,306,430
Other revenue	38,863	8,917
Other income (subsidy income) (i)	—	181,600
Interest income	106,285	106,351
Total revenue	6,363,584	6,603,298

(i) Shenyang XingYuanDong Automobile component Co., Ltd. ("Xing Xuan Dong") was granted a subsidy of Rmb181.6 million by the Administrative Committee of Shenyang New and High-Tech Industrial Development Zone for the year ended 31 December, 2000.

### 3. DIVIDENDS

The 2001 interim dividends of approximately RMB9.7 million were declared and paid to the then shareholders of the Company on 31 October, 2001. The directors also recommended the payment of a final dividend of HK\$0.005 per share for the year ended 31 December, 2001 for the total amount of approximately RMB19.6 million.

### 4. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to shareholders in the amount of RMB900,269,000 (2000 — RMB958,629,000), divided by the weighted average number of shares outstanding during the year as shown in the table below.

No diluted earnings per share has been presented as the effect of the assumed conversion of the potential ordinary shares outstanding is anti-dilutive. Diluted earnings per share for year 2000 is computed by dividing net profit attributable to shareholders of RMB958,629,000 in year 2000 by the weighted average number of ordinary shares outstanding during that year adjusted for the effect of all dilutive potential ordinary shares from the exercise of the subscription rights attaching to the share options.

A reconciliation of the number of ordinary shares for calculation of basic and diluted earnings per share is as follows:

	2001	2000
Weighted average number of ordinary shares used in calculation of basic earnings per share	3,533,552,900	3,151,418,000
Deemed issue of ordinary shares for no consideration	—	94,563,803
Weighted average number of ordinary shares used in calculation of diluted earnings per share	3,533,552,900	3,245,981,803

### 5. COMPARATIVE FIGURES

The Group has adopted the following new accounting standards: SSAP 9 (revised) "Events after the balance sheet date", SSAP 14 (revised) "Leases", SSAP 26 "Segment reporting", SSAP 28 "Provisions, contingent liabilities and contingent assets", SSAP 29 "Intangible assets", SSAP 30 "Business combination", SSAP 31 "Impairment of assets" and SSAP 32 "Consolidated financial statements and accounting for investments in subsidiaries" recently issued by the Hong Kong Society of Accountants. These have resulted in changes to the presentation of various items and comparative financial information has been restated accordingly.

Certain 2000 comparative figures were also reclassified to conform to the current year's presentation.

## 6. COMPARISON OF US GAAP AND HK GAAP

The Group has prepared a separate set of financial statements for the year ended 31 December, 2001 in accordance with generally accepted accounting principles in the United States of America ("US GAAP").

Differences between HK GAAP and US GAAP give rise to differences in the reported balances of assets, liabilities and net profit of the Group. The financial effect of the material differences between HK GAAP and US GAAP are summarized and explained as follows:

	2001 RMB'000	2000 RMB'000
Net income reported under HK GAAP	900,269	958,629
Stock-based compensation (a)	(15,462)	(88,264)
Capitalization of borrowing costs (b)	2,270	4,936
Others	—	(5,271)
Net profit reported under US GAAP	887,077	870,030

- a. US GAAP requires that discounts granted to employees under a compensatory share option scheme be recognized as compensation and charged to expense over the periods expected to be benefited, to the extent that the fair value of the equity instrument exceeds the exercise price of the option on the date of grant. Under HK GAAP, there is no specific accounting standard to account for the compensation element in share options. Issuance of stocks under such scheme will be recorded like normal share issue transactions.
- b. Under HK GAAP, the amount of borrowing costs eligible for capitalization includes the actual borrowing costs incurred on that borrowing less any investment income earned on the temporary investment of funds pending their expenditure on the qualified assets. Under US GAAP, temporary investment income earned is ignored. As a result, the amount of the net interest capitalized under HK GAAP is lower than that under US GAAP.

## BUSINESS REVIEW

The consolidated net sales of the Company and its operating subsidiaries, Shenyang JinBei Passenger Vehicle Manufacturing Company Ltd. ("Shenyang Automotive"), Ningbo Yuming Machinery Industrial Co., Ltd., Xing Yuan Dong, Ningbo Brilliance Ruixing Auto Components Co., Ltd., Mianyang Brilliance Ruian Automotive Components Co., Ltd. and Shenyang Brilliance Dongxing Automotive Component Co., Ltd. for the year ended 31 December, 2001 were RMB6,218.4 million, a 1.40% decrease from sales of RMB6,306.4 million for the year ended 31 December, 2000. The decrease in sales was primarily attributable to the price reduction of Shenyang Automotive's minibuses and the slight decrease in the unit sales of Deluxe Minibus.

Shenyang Automotive sold a total of 63,009 units of minibuses in 2001, a 5.0% increase over the 60,018 units of minibuses sold in 2000. Shenyang Automotive sold 53,356 units of its Mid-priced Minibus in 2001, a 7.0% increase over the 49,873 units sold in 2000. Sales of the Deluxe Minibus decreased by 4.8% from 10,145 units in 2000 to 9,653 units in 2001.

Cost of sales, including depreciation and amortization, decreased 2.9% to RMB4,308.0 million in 2001 from RMB4,436.2 million in 2000. This decrease was primarily due to our continued efforts to reduce the cost of domestic components for minibuses.

The consolidated operating profit in 2001 decreased by 2.1% to RMB1,256.0 million from RMB1,283.4 million in 2000. The decrease was due primarily to the significant increase in general and administration expenses relating to the additional pre-operation expenses and depreciation of the buildings of the sedan production. Selling expenses decreased to RMB275.9 million from RMB364.9 million in 2000.

Net profit decreased by 6.1% to RMB900.3 million in 2001 from RMB958.6 million in 2000. Basic earnings per share were RMB0.2548, compared to basic earnings of RMB0.3042 per share in 2000.

## PROSPECTS

China's accession to the World Trade Organization in November 2001 marked the beginning of a new era for the Chinese automotive industry. With the gradual reduction in tariffs, the competition in the Chinese automotive market was intensified by imported automobiles. These challenges have compelled us to further improve our current operations so as to bring better value to our shareholders.

On 17 December, 2001, Shenyang Automotive entered into an agreement with Toyota Motor Corporation for the transfer of technology relating to the fifth generation of the Toyota minibus, the GRANVIA. Pre-production is scheduled for the second half of 2002 and commercial production will be launched one year later. The Zhong Hua Sedan, designed by the world-renowned Italdesign, is under pre-production and due to be launched to the market once the final approval is obtained from the Chinese governmental authorities. In addition, we are currently in negotiations with several foreign automobile manufacturers regarding the production of automobiles for the growing Chinese automobile market at our existing facilities.

We believe that the addition of the above-mentioned new products in the current year and beyond is an essential element in our overall strategy. Looking into the future, the management remain confident that our current product strategy, combined with the united efforts of our employees, will enable us to provide good value to our shareholders for many years to come.

## DIVIDENDS

The Board recommends a final dividend of HK\$0.005 per share for the year ended 31 December, 2001. This final dividend will be paid to the shareholders whose names appear on the Register of Members of the Company on 27 June, 2002. Subject to the approval of shareholders in the forthcoming annual general meeting, the final dividend is expected to be payable on or before 3 July, 2002.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 25 June, 2002 to Thursday, 27 June, 2002 (both days inclusive), during this period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch registrar in Hong Kong, Central Registration Hong Kong Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Monday, 24 June, 2002.

## USE OF LISTING PROCEEDS

As at 31 December, 2001, the Company has used approximately RMB350 million of its listing proceeds for the acquisition of pressing facilities and the expansion of new production facilities and approximately RMB150 million for working capital requirement.

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

No purchase, sale or redemption of the Company's listed securities has been made by the Company or any of its subsidiaries during this year.

## EMPLOYEES

The Group employed approximately 7,500 employees as at the end of the year 2001. Employees' cost (excluding Directors' emoluments) amounted to approximately RMB169,794,000 for the year 2001. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis, with mandatory provident fund scheme and share option scheme, within the general framework of the Group's salary, bonus and benefit system. The Group will make every effort to retain a highly professional team in its operation.

## CODE OF BEST PRACTICE AND AUDIT COMMITTEE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year. In accordance with the Code of Best Practice, the Company has established an audit committee comprising the three independent non-executive directors. The audit committee is to review with management the accounting policies adopted by the Group and to discuss auditing and financial reporting matters.

By Order of the Board  
**Yang Rong**  
Chairman

Hong Kong, 25 April, 2002

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Friday, 28 June, 2002 at 9:00 a.m. for the following purposes:

- To receive and consider the audited consolidated financial statements and the reports of directors and auditors of the Company for the year ended 31 December, 2001;
- To consider and approve a final dividend for the year ended 31 December, 2001;
- To re-elect directors and to authorise the board of directors to fix their remuneration;
- To authorise the board of directors to appoint auditors and to fix their remuneration; and
- As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

### ORDINARY RESOLUTIONS

#### A "THAT:

- subject to paragraph (c) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined below) of all powers of the Company to allot, issue or deal with additional shares in the share capital of the Company or securities convertible into such shares or options, warrants or similar rights to subscribe for any shares or convertible securities and to make or grant offers, agreements and options which might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- the approval in paragraph (a) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;
- the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), (ii) the exercise of the subscription rights or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company and from time to time outstanding, (iii) the exercise of any option granted under the share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, or (iv) any scrip dividend or similar arrangement providing for the allotment of shares of the Company in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company in force from time to time; shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution and the said approval be limited accordingly; and
- for the purpose of this resolution;

"Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:

- the conclusion of the next annual general meeting of the Company;
- the expiration of the period within the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; and
- the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting."

"Rights Issue" means an offer of shares of the Company open for a period fixed by the directors of the Company to holders of shares of the Company on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangement as the directors of the Company may deem necessary or

expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or such stock exchange in, any territory outside Hong Kong)."

#### B. "THAT:

- subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined below) of all powers of the Company to purchase its own shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or any other exchange on which the securities of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose ("Recognized Stock Exchange"), subject to and in accordance with all applicable laws and regulations of Bermuda, bye-laws of the Company and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other Recognized Stock Exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- the aggregate nominal amount of shares of the Company which may be purchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution and the said approval be limited accordingly; and
- for the purpose of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:

- the conclusion of the next annual general meeting of the Company;
- the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; and
- the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting."

- "THAT, subject to the passing of resolutions numbered 4A and 4B, the aggregate nominal amount of the share capital of the Company which are to be purchased by the Company pursuant to the authority granted to the directors of the Company mentioned in resolution numbered 4B shall be added to the aggregate nominal amount of share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to resolution numbered 4A above, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution."

By order of the Board  
**Brilliance China Automotive Holdings Limited**  
**Yang Rong**  
Chairman

Hong Kong, 25 April, 2002

## Notes:

- Every member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
- In order to be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged with the Company's branch registrar in Hong Kong, Central Registration Hong Kong Limited, at Rooms 1901-1905, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting, or any adjourned meeting.