Brilliance Auto
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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 RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

The board of directors (the "**Board**") of Brilliance China Automotive Holdings Limited (the "**Company**") announces the consolidated financial results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31st December, 2012 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December
(Expressed in thousands of RMB except for per share amounts)

	Note	**2012 RMB'000**	2011 RMB'000
Revenue	3	**5,915,991**	6,442,858
Cost of sales		**(5,219,806)**	(5,587,321)
Gross profit		**696,185**	855,537
Other income	3	**50,444**	48,037
Interest income	3	**74,343**	76,148
Selling expenses		**(539,159)**	(387,744)
General and administrative expenses		**(338,717)**	(360,906)
Finance costs		**(174,306)**	(193,543)
Share of results of:			
Associates		**91,973**	69,418
Jointly controlled entities		**2,433,844**	1,842,465
Profit before income tax expense	4	**2,294,607**	1,949,412
Income tax expense	5	**(57,564)**	(58,010)
Profit for the year		**2,237,043**	1,891,402

* *For identification purposes only*

CONSOLIDATED INCOME STATEMENT (Continued)
For the year ended 31st December
(Expressed in thousands of RMB except for per share amounts)

	Note	2012 RMB'000	2011 RMB'000
Attributable to:			
Equity holders of the Company		**2,301,022**	1,812,286
Non-controlling interests		**(63,979)**	79,116
		2,237,043	1,891,402
Earnings per share	6		
– Basic		**RMB0.45804**	RMB0.36263
– Diluted		**RMB0.45605**	RMB0.35931

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st December

	2012 RMB'000	2011 RMB'000
Profit for the year	**2,237,043**	1,891,402
Other comprehensive income (loss), net of tax		
Change in fair value of available-for-sale financial assets	**4,566**	(13,444)
Share of other comprehensive income (loss) of a jointly controlled entity	**714,364**	(606,713)
	718,930	(620,157)
Total comprehensive income for the year	**2,955,973**	1,271,245
Attributable to:		
Equity holders of the Company	**3,019,952**	1,192,129
Non-controlling interests	**(63,979)**	79,116
	2,955,973	1,271,245

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31st December

	Note	2012 RMB'000	2011 RMB'000
Non-current assets			
Intangible assets		**361,509**	197,524
Property, plant and equipment		**1,441,592**	1,393,389
Construction-in-progress		**303,541**	276,347
Land lease prepayments		**62,511**	63,969
Interests in associates		**603,642**	592,441
Interests in jointly controlled entities		**6,236,268**	3,578,079
Prepayments for a long-term investment		**600,000**	600,000
Available-for-sale financial assets		**19,900**	15,334
Deferred tax assets		**–**	50,000
Other non-current assets		**11,234**	11,947
Total non-current assets		**9,640,197**	6,779,030
Current assets			
Cash and cash equivalents		**836,511**	585,696
Short-term bank deposits		**57,556**	99,928
Pledged short-term bank deposits		**1,054,877**	1,183,064
Inventories		**838,393**	737,338
Accounts receivable	7	**509,296**	445,951
Notes receivable		**1,302,447**	971,809
Other current assets		**1,818,070**	2,007,544
Income tax recoverable		**209**	293
Total current assets		**6,417,359**	6,031,623
Current liabilities			
Accounts payable	8	**3,119,993**	2,465,538
Notes payable		**1,708,160**	1,790,444
Other current liabilities		**874,122**	987,538
Short-term bank borrowings		**1,119,000**	1,296,630
Income tax payable		**35,909**	31,716
Total current liabilities		**6,857,184**	6,571,866

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)
As at 31st December

	Note	2012 RMB'000	2011 RMB'000
Net current liabilities		**(439,825)**	(540,243)
Total assets less current liabilities		**9,200,372**	6,238,787
Non-current liabilities			
Deferred government grants		**1,900**	1,600
NET ASSETS		**9,198,472**	6,237,187
Capital and reserves			
Share capital		**395,877**	394,931
Reserves		**9,618,689**	6,594,371
Total equity attributable to equity holders of the Company		**10,014,566**	6,989,302
Non-controlling interests		**(816,094)**	(752,115)
TOTAL EQUITY		**9,198,472**	6,237,187

NOTES:

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda on 9th June, 1992 with limited liability. The Company's shares are traded on the Main Board of The Stock Exchange of Hong Kong Limited (the "**SEHK**").

The Company is an investment holding company. The principal activities of the Company's subsidiaries are the manufacture and sale of minibuses and automotive components in the People's Republic of China (the "**PRC**"). In addition, the Group also has the principal activities of the manufacture and sale of BMW vehicles in the PRC through its major jointly controlled entity, BMW Brilliance Automotive Ltd. ("**BMW Brilliance**").

2. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with applicable Hong Kong Financial Reporting Standards, collective terms of which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the SEHK (the "**Listing Rules**").

These financial statements have been prepared on the basis consistent with the accounting policies adopted in the 2011 financial statements, except for the adoption for the first time the new and revised standards, amendments and interpretations (collectively "**new HKFRSs**") issued by the HKICPA, which are relevant to and effective for the Group's and the Company's financial statements for the annual financial year beginning on 1st January, 2012. The adoption of these new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

(b) Basis of measurement

The measurement basis used in the preparation of the financial statements is historical cost, except for financial instruments classified as available-for-sale financial assets which are measured at fair value.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(c) Preparation of financial statements

As at 31st December, 2012, the Group had net current liabilities of approximately RMB440 million. Notwithstanding the Group's current liabilities exceeding its current assets at 31st December, 2012, in preparing these financial statements, the directors have given careful consideration to current and future liquidity of the Group and its ability to provide working capital for its operations.

As at the date of this announcement, the Group had short-term bank borrowings of RMB1,119 million which are renewable on a yearly basis. Management is confident that these borrowings can be renewed on their expiry.

In addition, Huachen Automotive Group Holdings Company Limited ("**Huachen**") has also agreed to provide adequate funds to the Group, if necessary, to meet its liabilities as they fall due. With the continuing profit generated from operations and the financial support from bankers and Huachen, and the decreasing net current liabilities, the directors consider that the Group will have sufficient cash resources to satisfy its future working capital needs and other financing requirements. Accordingly, the directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

Revenue represents the invoiced value of goods, net of consumption tax, discounts and returns. Revenue and other income recognised by category are as follows:

	2012 **RMB'000**	2011 RMB'000
Revenue		
Sale of minibuses and automotive components	**5,915,991**	6,442,858
Other income		
Subsidy income from government grants	**400**	400
Others	**50,044**	47,637
	50,444	48,037
Interest income *(Note 1)*	**74,343**	76,148
	6,040,778	6,567,043

Note 1: Included in interest income is implicit interest of RMB27,990,000 (2011: RMB26,406,000) on the receivable from Huachen with face value of RMB494,490,000 for the disposal of Zhonghua sedan business in 2009, and interest income of RMB8,364,000 (2011: RMB3,389,000) for advances to Xinhua Investment Holdings Limited. The others are mainly bank interest income.

Note 2: During the year, the Group had one major customer with revenue derived from it amounting to 10% or more of the Group's revenue. Revenue derived from this customer during the year amounted to RMB3,098,572,000 (2011: RMB1,962,173,000).

3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Although the minibuses and automotive components of the Group are primarily sold in the PRC, the sales in overseas markets are getting larger and the distribution of sales in the PRC and overseas markets are as follows:

	2012	2011
	RMB'000	RMB'000
PRC	**5,318,817**	6,151,399
Other Asian countries	**266,631**	115,207
Southern America	**241,811**	127,846
Africa	**88,582**	48,038
Others	**150**	368
	5,915,991	6,442,858

Operating segments – 2012

	Manufacture and sale of minibuses and automotive components RMB'000	**Manufacture and sale of BMW vehicles RMB'000**	**Reconciliation to the Group's income statement RMB'000**	**Total RMB'000**
Segment sales to external customers	**5,915,991**	**56,150,601**	**(56,150,601)**	**5,915,991**
Segment results	**(49,971)**	**7,073,411**	**(7,073,411)**	**(49,971)**
Impairment losses on assets	**(30,904)**	**–**	**–**	**(30,904)**
Unallocated costs net of unallocated income				**(50,372)**
Interest income				**74,343**
Finance costs				**(174,306)**
Share of results of:				
Associates	**91,973**	**–**	**–**	**91,973**
Jointly controlled entities	**108,658**	**2,325,186**	**–**	**2,433,844**
Profit before income tax expense				**2,294,607**

3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Operating segments – 2011

	Manufacture and sale of minibuses and automotive components RMB'000	Manufacture and sale of BMW vehicles RMB'000	Reconciliation to the Group's income statement RMB'000	Total RMB'000
Segment sales to external customers	6,442,858	37,531,814	(37,531,814)	6,442,858
Segment results	195,261	3,434,836	(3,434,836)	195,261
Impairment losses on assets	(51,309)	(156,484)	156,484	(51,309)
Unallocated income net of unallocated costs				10,972
Interest income				76,148
Finance costs				(193,543)
Share of results of:				
Associates	69,418	–	–	69,418
Jointly controlled entities	122,202	1,720,263	–	1,842,465
Profit before income tax expense				1,949,412

3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Operating segments – 2012 (Continued)

	Manufacture and sale of minibuses and automotive components RMB'000	Manufacture and sale of BMW vehicles RMB'000	Reconciliation to the Group's statement of financial position RMB'000	Total RMB'000
Segment assets	8,165,400	32,681,926	(32,681,926)	8,165,400
Interests in associates	603,642	–	–	603,642
Interests in jointly controlled entities	638,765	5,597,503	–	6,236,268
Available-for-sale financial assets				19,900
Prepayments for a long-term investment				600,000
Advance to a shareholder of a related party				300,000
Unallocated assets				132,346
Total assets				16,057,556
Segment liabilities	6,848,318	21,486,920	(21,486,920)	6,848,318
Unallocated liabilities				10,766
Total liabilities				6,859,084
Other disclosures:				
Capital expenditure	400,649	5,888,117	(5,888,117)	400,649
Depreciation of property, plant and equipment	99,468	871,025	(871,025)	99,468
Amortisation of land lease prepayments	1,458	14,751	(14,751)	1,458
Amortisation of intangible assets	39,234	65,023	(65,023)	39,234
Provision of inventories	45,665	132,823	(132,823)	45,665
Write-back of provision for inventories sold	10,416	63,005	(63,005)	10,416
Write-back of provision for doubtful debts	2,520	–	–	2,520

3. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Operating segments – 2011 (Continued)

	Manufacture and sale of minibuses and automotive components RMB'000	Manufacture and sale of BMW vehicles RMB'000	Reconciliation to the Group's statement of financial position RMB'000	Total RMB'000
Segment assets	7,593,932	24,018,218	(24,018,218)	7,593,932
Interests in associates	592,441	–	–	592,441
Interests in jointly controlled entities	520,126	3,057,953	–	3,578,079
Available-for-sale financial assets				15,334
Prepayments for a long-term investment				600,000
Advance to a shareholder of a related party				300,000
Unallocated assets				130,867
Total assets				12,810,653
Segment liabilities	6,562,108	17,902,312	(17,902,312)	6,562,108
Unallocated liabilities				11,358
Total liabilities				6,573,466
Other disclosures:				
Capital expenditure	241,722	4,888,397	(4,888,397)	241,722
Depreciation of property, plant and equipment	105,387	445,631	(445,631)	105,387
Amortisation of land lease prepayments	2,537	11,094	(11,094)	2,537
Amortisation of intangible assets	29,638	47,675	(47,675)	29,638
Provision of inventories	6,925	123,525	(123,525)	6,925
Write-back of provision for inventories sold	21,533	36,849	(36,849)	21,533
Write-back of provision for doubtful debts	9,306	–	–	9,306

4. PROFIT BEFORE INCOME TAX EXPENSE

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

	2012 **RMB'000**	2011 RMB'000
Charging:		
Impairment losses on:		
– Intangible assets (a)	**20,699**	–
– Accounts receivable (b)	**3,470**	3,644
– Amounts due from affiliated companies (b)	**–**	29,198
– Other receivables (b)	**6,735**	18,467
	30,904	51,309
Loss on deemed disposal of interest in a jointly controlled entity (b)	**–**	22,951
Staff costs	**531,294**	412,464
Amortisation of intangible assets (a)	**39,234**	29,638
Amortisation of land lease prepayments	**1,458**	2,537
Depreciation of property, plant and equipment	**99,468**	105,387
Cost of inventories	**5,185,281**	5,608,235
Provision for inventories	**45,665**	6,925
Auditors' remuneration	**2,660**	2,069
Research and development costs (b)	**5,007**	838
Operating lease charges in respect of land and buildings	**18,068**	16,701
Exchange loss, net (c)	**5,118**	20,769
Loss on disposal and write-off of property, plant and equipment	**1,066**	–
Crediting:		
Gross rental income from land and buildings	**448**	3,421
Write-back of provision for inventories sold	**10,416**	21,533
Gain on disposal of a subsidiary	**–**	382
Gain on disposal of property, plant and equipment	**–**	852
Write-back of provision for doubtful debts of:		
– Accounts receivable	**–**	1,808
– Accounts receivable from affiliated companies	**–**	6,289
– Other receivables	**2,520**	–
– Amounts due from affiliated companies	**–**	1,209

(a) impairment and 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.

(c) included in other income.

5. INCOME TAX EXPENSE

The income tax charged to the consolidated income statement represents:

	2012 **RMB'000**	2011 RMB'000
Current tax		
PRC enterprise income tax		
– Current year	**7,177**	7,275
– Under provision in prior year	**387**	1,735
	7,564	9,010
Deferred tax expense in respect of tax losses	**50,000**	49,000
Total income tax expense	**57,564**	58,010

PRC enterprise income tax expense on profits arising in the PRC has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the jurisdictions in which the Group operates.

Reconciliation between tax expense and accounting profit using the weighted average taxation rate of the companies within the Group is as follows:

	2012 **RMB'000**	2011 RMB'000
Profit before income tax expense	**2,294,607**	1,949,412
Calculated at a weighted average statutory taxation rate in the PRC of 24.33% (2011: 23.24%)	**558,239**	453,055
Effect of tax holiday	**(676)**	(2,009)
Non-taxable income net of expenses not deductible for taxation purpose	**(607,713)**	(421,954)
Unrecognised temporary differences	**20,985**	36,599
Recognition of previously unrecognised tax losses	**–**	(11,224)
Write-off of deferred tax asset in respect of tax losses	**50,000**	–
Utilisation of previously unrecognised tax losses	**(145)**	–
Unrecognised tax losses	**36,487**	1,808
Under provision in prior years	**387**	1,735
Tax expense for the year	**57,564**	58,010

6. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares as follows:

	Number of shares	
	2012	2011
	'000	'000
Weighted average number of ordinary shares		
Issued ordinary shares at 1st January,	**5,010,769**	4,993,969
Effect of share options exercised	**12,884**	3,626
Weighted average number of ordinary shares for calculating basic earnings per share	**5,023,653**	4,997,595
Weighted average number of ordinary shares deemed issued under the Company's share option scheme	**21,881**	46,172
Weighted average number of ordinary shares for calculating diluted earnings per share	**5,045,534**	5,043,767

7. ACCOUNTS RECEIVABLE

	2012	2011
	RMB'000	RMB'000
Accounts receivable	**205,462**	101,064
Accounts receivable from affiliated companies	**303,834**	344,887
	509,296	445,951

7. ACCOUNTS RECEIVABLE (Continued)

An aging analysis of accounts receivable is set out below:

	2012	2011
	RMB'000	RMB'000
Less than six months	**196,920**	90,145
Six months to one year	**3,706**	3,599
Above one year but less than two years	**1,972**	998
Two years or above	**23,298**	23,286
	225,896	118,028
Less: provision for doubtful debts	**(20,434)**	(16,964)
	205,462	101,064

A substantial amount of the accounts receivable is denominated in Renminbi. The Group's credit policy is to offer credit to customers following a financial assessment and an established payment record. In order to minimise credit risk, credit history and background of new customers and debtors are checked and security deposits are usually obtained from major customers. Credit limits with credit terms of 30 days to 90 days are set for customers and designated staff monitors accounts receivable and follow-up collection with customers. Customers considered to be high risk are traded on cash basis or when bank guaranteed notes are received.

8. ACCOUNTS PAYABLE

	2012	2011
	RMB'000	RMB'000
Accounts payable	**1,495,021**	1,276,682
Accounts payable to affiliated companies	**1,624,972**	1,188,856
	3,119,993	2,465,538

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

	2012	2011
	RMB'000	RMB'000
Less than six months	**1,341,372**	1,151,622
Six months to one year	**82,783**	63,011
Above one year but less than two years	**21,764**	20,718
Two years or above	**49,102**	41,331
	1,495,021	1,276,682

Accounts payable with balances denominated in currencies other than Renminbi are considered not significant. All these amounts are payable within 1 year.

9. CONTINGENCIES

On 11th November, 2011, a member of the Group and Shengyang JinBei Automotive Co., Ltd. ("**JinBei**") entered into an agreement for the provision of cross guarantees in respect of each other's banking facilities in the maximum amount of RMB600 million (2011: RMB600 million) from 1st January, 2012 to 31st December, 2012. As at 31st December, 2012, RMB578.5 million (2011: RMB446.5 million) of these guarantees was drawn by JinBei for its revolving bank loans together with the support of the pledge of the Group's bank deposits of RMB214 million (2011: RMB214 million). On 8th November, 2012, an agreement was entered into by both parties to provide the same cross guarantee to each other from 1st January, 2013 to 31st December, 2013.

On 11th November, 2011, a member of the Group and Huachen entered into an agreement for the provision of cross guarantees in respect of each other's banking facilities in the maximum amount of RMB1,500 million (2011: RMB1,500 million) from 1st January, 2012 to 31st December, 2012. As at 31st December, 2012, none (2011: RMB465 million) of these guarantees was drawn by Huachen for its revolving bank loans.

The Group had provided a corporate guarantee in the maximum amount of RMB100 million (2011: RMB60 million) from 1st January, 2012 to 31st December, 2012 for revolving bank loans and bank guaranteed notes to Shanghai Shenhua Holdings Co., Ltd. ("**Shanghai Shenhua**"). As at 31st December, 2012, RMB60 million (2011: RMB60 million) of this corporate guarantee was utilized by Shanghai Shenhua.

BUSINESS REVIEW AND PROSPECTS

During the year 2012, China's automobile sector continued to show mild growth, with total sales of 19.3 million units or an increase of 4.3% over previous year, according to the China Association of Automobile Manufacturers. Of these, 15.5 million units were passenger vehicles, representing a growth of 7.1% in this segment compared to 2011. As in previous years, the luxury passenger vehicle segment in China continued to significantly outperform other segments, with a growth of approximately 30% during 2012.

The year 2012 had been a productive year for the Group. Our BMW joint venture achieved an increased profit contribution of 35.2% on the back of a 48.7% increase in sales volume. The new second production plant of the joint venture in Tiexi commenced operation at the beginning of the year. The addition of this new production facility will allow our joint venture to produce up to 400,000 vehicles annually in the medium term. In addition, as part of our component localisation effort, a new BMW engine assembly facility also opened in March which will bring about further cost savings to the joint venture over time. As for new products, the X1 SUV was added at the beginning of the year as a third model for local production by our joint venture, while the new generation 3-series China-only long wheelbase version was launched in July to satisfy the market demand in China.

The joint venture is also developing a local Chinese brand of new energy products for maiden launch at the end of 2013 to comply with the Chinese government's requirements and to capture growth of a new segment for the joint venture's future development. This will necessitate the establishment of certain research and development competences within the joint venture for the development of China-specific new energy vehicles under the new local brand, as well as to facilitate further localisation of components in China.

With its planned capacity expansion being successfully rolled out, starting this year the joint venture will redirect its business focus on further development of its sales and marketing strategy. The BMW brand and product quality is highly appreciated by consumers in China, and our joint venture's share of the premium auto market continues to increase. The joint venture will continue to seek strong growth of its existing models over time, while formulating at the same time a roadmap for potential future new products. The strong sales momentum of our joint venture's products has been complemented by the rapid rollout of our dealer network, having reached over 360 outlets nationwide as at the end of 2012. In addition, the BMW auto finance company is also playing an increasingly important role in empowering the joint venture's sales function.

As for the minibus business, growth of the light vehicle market continued to be slow during the year. Our existing minibus products are due for a major upgrade, and we have teamed up with our strategic partners to develop a new premium MPV model with market launch targeted by the end of 2014. As a result, the years 2013 and 2014 will remain challenging for this business, and it is likely that the minibus operation will bring negative financial impact to the Group's overall performance during those periods. In addition to the new model being developed, we are concurrently studying various options to enrich our minibus portfolio over time.

Apart from the above, the Group continues to look for ways to further streamline our operation and to strengthen our corporate structure as our operations continue to grow. The Group is also actively on the lookout for new business opportunities as a means to further expand our income base.

MANAGEMENT'S DISCUSSION & ANALYSIS

The consolidated net sales of the Group (being primarily sales derived from the minibus business and major operating subsidiaries such as Shenyang Brilliance JinBei Automobile Co., Ltd. ("**Shenyang Automotive**") and Shenyang XingYuanDong Automobile Component Co., Ltd.) for the year ended 31st December, 2012 was RMB5,916.0 million, representing a 8.2% decrease from RMB6,442.8 million for the year ended 31st December, 2011. The decrease in sales was primarily due to the decrease in the sales volume of deluxe minibuses, and a drop in minibus average transaction prices in particular deluxe minibuses as a result of intensive market competition.

Shenyang Automotive sold 82,506 minibuses in 2012, which was at substantially the same level to the 82,491 minibuses sold in 2011. Of these minibuses sold, 66,466 were mid-priced minibuses, representing a 4.3% increase from 63,745 units sold in 2011. On the other hand, unit sales of deluxe minibuses decreased by 14.4% from 18,746 units in 2011 to 16,040 units in 2012. The decrease in deluxe minibus sales volume in 2012 was primarily due to the intensively competitive market environment and the lack of new deluxe minibus models of Shenyang Automotive.

Cost of sales decreased by 6.6% from RMB5,587.3 million in 2011 to RMB5,219.8 million in 2012. The decrease was primarily driven by the drop in net sales during the period. The gross profit margin of the Group dropped from 13.3% in 2011 to 11.8% in 2012 due to a change in minibus sales mix, resulting in a decrease in average sales prices.

Other income has remained relatively stable compared to 2011, with only a 5.0% increase from RMB48.0 million in 2011 to RMB50.4 million in 2012.

Interest income decreased slightly by 2.4% from RMB76.1 million in 2011 to RMB74.3 million in 2012. The decrease was mainly due to the decrease in short-term bank deposits and pledged short-term deposits.

Selling expenses increased by 39.1% from RMB387.7 million in 2011 to RMB539.2 million in 2012. The substantial increase was due to the increase in advertising and promotional expenses required during the year due to intense competition. As a result, selling expenses as a percentage of turnover has increased to 9.1% for 2012 from 6.0% in 2011.

General and administrative expenses decreased by 6.2% from RMB360.9 million in 2011 to RMB338.7 million in 2012. The decrease was primarily driven by a decrease in impairment for doubtful debts.

Finance costs decreased by 9.9% from RMB193.5 million in 2011 to RMB174.3 million in 2012 primarily due to decreases in short-term bank borrowings.

The Group's share of operating results of associates and jointly controlled entities increased by 32.1% from RMB1,911.9 million in 2011 to RMB2,525.8 million in 2012. This was primarily attributable to the increased profits contributed by BMW Brilliance, the Group's 50% indirectly owned jointly controlled entity.

Net profits contributed to the Group by BMW Brilliance increased by 35.2% from RMB1,720.3 million in 2011 to RMB2,325.2 million in 2012. The BMW joint venture achieved sales of 160,849 BMW sedans and SUVs in 2012, an increase of 48.7% as compared to 108,189 BMW sedans sold in 2011.

The Group recorded profit before taxation of RMB2,294.6 million in 2012, which represent a 17.7% increase compared to RMB1,949.4 million for 2011.

Income tax expense was RMB57.6 million for 2012, which represents a slight decrease from the RMB58.0 million recorded for 2011.

For the year 2012, the net income attributable to equity holders of the Company was RMB2,301.0 million, representing a 27.0% increase from RMB1,812.3 million for 2011. Basic earnings per share in 2012 amounted to RMB0.45804, compared to RMB0.36263 in 2011.

Liquidity and Financial Resources

As at 31st December, 2012, the Group had RMB836.5 million in cash and cash equivalents (31st December, 2011: RMB585.7 million), RMB57.6 million in short-term bank deposits (31st December, 2011: RMB99.9 million) and RMB1,054.9 million in pledged short-term bank deposits (31st December, 2011: RMB1,183.1 million). The Group had notes payable of RMB1,708.2 million (31st December, 2011: RMB1,790.4 million) and outstanding short-term bank borrowings of RMB1,119.0 million (31st December, 2011: RMB1,296.6 million), but had no long-term bank borrowings outstanding as at 31st December, 2012 (31st December, 2011: Nil).

Contingent Liabilities

Details of the contingent liabilities are set out in note 9 to this results announcement.

Gearing Ratio

As at 31st December, 2012, the gearing ratio, computed by dividing total liabilities by total equity attributable to equity holders of the Company, was approximately 0.68 (31st December, 2011: 0.94). The decrease in the gearing ratio was primarily due to (a) the increase in total equity attributable to equity holders of the Company as a result of a significant increase of profit attributable to equity holders of the Company and an increase in share of other comprehensive income of a jointly controlled entity this year, and (b) the relatively stable total liabilities in 2012, as compared to last year.

Foreign Exchange Risks

The Group considers that exchange rate fluctuations only have an insignificant effect on the overall financial performance of the Group in the future. The Group may consider entering into hedging transactions through exchange contracts in order to minimise foreign exchange risks, if and when necessary. There were no outstanding hedging transactions as at 31st December, 2012 (31st December, 2011: Nil).

Employees and Remuneration Policy

The Group employed approximately 6,400 employees as at 31st December, 2012 (31st December, 2011: approximately 6,200). Employee costs amounted to approximately RMB531.3 million for the year ended 31st December, 2012 (31st December, 2011: approximately RMB412.5 million). The Group will endeavour to ensure that the salary levels of its employees are in line with industry practices and prevailing market conditions and that employees' remuneration is based on performance. In addition, employees are eligible for share options under the share option scheme adopted by the Company.

DIVIDEND

The directors did not recommend the payment of any dividend in respect of the year ended 31st December, 2012 (31st December, 2011: Nil).

CLOSURE OF REGISTER OF MEMBERS

The Company's forthcoming annual general meeting will be held on Friday, 24th May, 2013 at 9:00 a.m (the "**2013 AGM**").

The Hong Kong branch register of members of the Company will be closed from Wednesday, 22nd May, 2013 to Friday, 24th May, 2013, both days inclusive, during which period no transfer of shares will be registered. The record date for the 2013 AGM is Friday, 24th May, 2013. Only shareholders of the Company whose names appear on the register of members of the Company on Friday, 24th May, 2013 or their proxies or duly authorised corporate representatives are entitled to attend the 2013 AGM. In order to qualify for attending the 2013 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 21st May, 2013.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities in 2012.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving and maintaining the highest standards of corporate governance consistent with the needs and requirements of the business and its shareholders, and consistent with the "Corporate Governance Code and Corporate Governance Report" set out in Appendix 14 to the Listing Rules. Throughout the accounting year ended 31st December, 2012, the Group has complied with all code provisions.

On 27th March, 2013, taking into account the amendments in the Listing Rules which will come into effect on 1st September, 2013, the Board has revised the terms of reference of the nomination committee. In addition, amendments have been made to the code for securities transactions by employees to reflect the introduction of "inside information" to the Listing Rules. The Board has also reviewed and made certain format changes and minor amendments to the terms of reference of the audit committee and remuneration committee, the memorandum on respective functions of the Board and the management, the shareholders' communication policy and other necessary corporate governance documents. Major updates since the 2011 annual report are summarized in the 2012 annual report to be sent to shareholders of the Company in April 2013.

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 report matters, including the consolidated financial statements of the Group for the year ended 31st December, 2012.

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

SCOPE OF WORK OF THE AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December, 2012 have been compared by Grant Thornton Hong Kong Limited, the Company's auditors (the "**Auditors**"), to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by the Auditors in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the Auditors on this announcement.

PUBLICATION OF ANNUAL REPORT

The 2012 annual report of the Company containing the information required by the Listing Rules will be published on the websites of the SEHK and the Company in due course.

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. Qi Yumin *(Chief Executive Officer)*, Mr. Wang Shiping and Mr. Tan Chengxu; one non-executive director: Mr. Lei Xiaoyang; and three independent non-executive directors: Mr. Xu Bingjin, Mr. Song Jian and Mr. Jiang Bo.

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

Hong Kong, 27th March, 2013