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, 2017

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, 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	Note	**2017** RMB'000	2016 RMB'000
Revenue	3	**5,304,723**	5,125,118
Cost of sales		**(5,118,497)**	(4,953,555)
Gross profit		**186,226**	171,563
Other income		**110,466**	82,034
Interest income		**55,443**	53,176
Selling expenses		**(571,853)**	(611,858)
General and administrative expenses		**(1,192,936)**	(383,202)
Finance costs		**(137,871)**	(133,135)
Share of results of:			
Joint ventures		**5,233,312**	3,993,396
Associates		**216,979**	252,563
Profit before income tax expense	4	**3,899,766**	3,424,537
Income tax expense	5	**(33,953)**	(35,933)
Profit for the year		**3,865,813**	3,388,604

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)
For the year ended 31st December,
(Expressed in thousands of RMB except for earnings per share amounts)

	Note	2017 RMB'000	2016 RMB'000
Attributable to:			
Equity holders of the Company		**4,376,120**	3,682,074
Non-controlling interests		**(510,307)**	(293,470)
		3,865,813	3,388,604
Earnings per share	6		
– Basic		**RMB0.86776**	RMB0.73103
– Diluted		**RMB0.86738**	RMB0.72987

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

	2017 RMB'000	2016 RMB'000
Profit for the year	**3,865,813**	3,388,604
Other comprehensive income that will be subsequently reclassified to consolidated statement of profit or loss, net of tax		
Change in fair value of available-for-sale financial assets	**(8,969)**	(23,881)
Share of other comprehensive income of a joint venture	**715,758**	639,991
	706,789	616,110
Total comprehensive income for the year	**4,572,602**	4,004,714
Attributable to:		
Equity holders of the Company	**5,082,909**	4,298,184
Non-controlling interests	**(510,307)**	(293,470)
	4,572,602	4,004,714

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31st December,

	Note	**2017 RMB'000**	2016 RMB'000
Non-current assets			
Intangible assets		**696,200**	1,338,612
Property, plant and equipment		**2,567,129**	2,249,789
Land lease prepayments		**86,513**	84,810
Interests in joint ventures		**21,593,786**	17,644,857
Interests in associates		**1,747,517**	1,703,065
Prepayments for long-term investments		**600,000**	600,000
Available-for-sale financial assets		**24,499**	33,468
Long-term loan receivables		**1,446,655**	361,487
Other non-current assets		**61,993**	17,584
Total non-current assets		**28,824,292**	24,033,672
Current assets			
Cash and cash equivalents		**1,732,076**	936,942
Cash at central bank		**62,038**	3,996
Short-term bank deposits		**43,402**	193,146
Pledged short-term bank deposits		**1,713,754**	1,338,956
Inventories		**1,043,793**	1,104,070
Accounts receivable	7	**1,023,365**	1,583,968
Notes receivable		**363,795**	296,308
Other current assets		**3,049,616**	1,551,954
Total current assets		**9,031,839**	7,009,340
Current liabilities			
Accounts payable	8	**3,278,870**	3,324,123
Notes payable		**2,780,586**	2,330,052
Other current liabilities		**2,055,279**	1,322,736
Short-term bank borrowings		**2,809,900**	1,325,000
Income tax payable		**40,340**	20,749
Total current liabilities		**10,964,975**	8,322,660
Net current liabilities		**(1,933,136)**	(1,313,320)
Total assets less current liabilities		**26,891,156**	22,720,352
Non-current liabilities			
Long-term bank borrowings		**80,000**	–
Deferred government grants		**110,949**	121,829
Total non-current liabilities		**190,949**	121,829
NET ASSETS		**26,700,207**	22,598,523

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31st December,

	2017	2016
	RMB'000	RMB'000
Capital and reserves		
Share capital	**397,176**	396,809
Reserves	**26,125,775**	23,327,048
Total equity attributable to equity holders of the Company	**26,522,951**	23,723,857
Non-controlling interests	**177,256**	(1,125,334)
TOTAL EQUITY	**26,700,207**	22,598,523

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 and its subsidiaries (collectively referred to as the "**Group**") are the manufacture and sale of BMW vehicles in the People's Republic of China (the "**PRC**") through its major joint venture BMW Brilliance Automotive Ltd. ("**BMW Brilliance**"), the manufacture and sale of automobiles and automotive components through its subsidiary Renault Brilliance Jinbei Automotive Co., Ltd. ("**RBJAC**"), and the provision of auto financing to customers and dealers through its subsidiary Brilliance – BEA Auto Finance Co., Ltd. ("**BBAFC**").

2. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

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

These consolidated financial statements have been prepared on the basis consistent with the accounting policies adopted in the 2016 financial statements, except for the adoption for the first time the following amendments to HKFRSs (collectively "**Amended HKFRSs**") issued by the HKICPA, which are relevant to and effective for the consolidated financial statements for the annual financial year beginning on 1st January, 2017.

Amendments to HKAS 7	Disclosure Initiative – Statement of Cash Flows
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014-2016 Cycle	Disclosure of Interests in Other Entities

Amendments to HKAS 7 "Disclosure Initiative – Statement of Cash Flows" require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. A reconciliation between the opening and closing balances of liabilities arising from financing activities is set out in note 34(b) of the consolidated financial statements. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 34(b) of the consolidated financial statements, the application of these amendments has had no impact on the Group's consolidated financial statements.

The adoption of other amended HKFRSs did not result in substantial changes to the accounting policies of the Group and had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Basis of measurement

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

(c) Preparation of consolidated financial statements

As at 31st December, 2017, the Group had net current liabilities of approximately RMB1,933 million. Notwithstanding the Group's current liabilities exceeding its current assets as at 31st December, 2017, in preparing these consolidated 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 31st December, 2017, the Group had short-term bank borrowings of approximately RMB2,810 million which are renewable on a yearly basis. Management is confident that these borrowings can be renewed upon their expiry. The Group also enhanced its financial liquidity by inception of long-term borrowings of RMB80 million in 2017 which will not be repayable until 1st December, 2021.

In addition, Huachen Automotive Group Holdings Company Limited ("**Huachen**"), which is a PRC state-owned enterprise and the major shareholder of the Company, has also agreed to provide adequate funds to the Group, if necessary, to meet its liabilities as they fall due. With the support from Huachen together with the expected cash dividends from BMW Brilliance and the continuing support from bankers, the directors are of the view 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 consolidated financial statements on a going concern basis.

(d) Future changes in HKFRSs

As at the date of this announcement, the HKICPA has issued certain new standards and amendments and interpretations which are relevant to the Group and not yet effective.

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
HKFRS 9	Financial Instruments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures[3]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[2]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatment[2]

1 Effective for annual periods beginning on or after 1st January, 2018
2 Effective for annual periods beginning on or after 1st January, 2019
3 Effective date postponed but early adoption is permitted.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(d) Future changes in HKFRSs (Continued)

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. The new and amended HKFRSs that are expected to have impact on the Group's accounting policies are set out below, and the details of which are provided in note 2(w) of the consolidated financial statements:

HKFRS 9	Financial instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 16	Leases

Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue earned during the year represents:

	2017 RMB'000	2016 RMB'000
Sale of minibuses and automotive components, net of consumption tax, discounts and return	**5,164,050**	5,081,201
Interest and service charge income from provision of auto financing service, net of other tax	**140,673**	43,917
	5,304,723	5,125,118

During the year, the Group had three (2016: one) major customers with aggregate revenue derived from them amounting to more than 10% of the Group's revenue, and the revenue derived from these customers amounted to RMB1,093,068,000, RMB925,602,000 and RMB787,281,000, respectively (2016: RMB2,651,060,000).

Although the minibuses and automotive components of the Group are primarily sold in the PRC, the Group is exploring opportunities in the overseas markets and the sales by location of customers are as follows:

	2017 RMB'000	2016 RMB'000
PRC	**4,991,447**	4,992,743
Other Asian countries	**23,164**	22,658
Latin America	**78,388**	52,420
Middle East	**57,769**	1,738
Africa	**13,150**	11,387
Others	**132**	255
	5,164,050	5,081,201

All interest and service charge income from provision of auto financing service is derived in the PRC.

3. **REVENUE AND SEGMENT INFORMATION** (Continued)

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the directors and the chief operating decision makers for their decisions about resource allocation to the Group's business segments, which are determined by the Group's different brands of vehicles, and their respective performances.

The Group has identified the following reportable segments:

(1) the manufacture and sale of minibuses and automotive components;

(2) the manufacture and sale of BMW vehicles; and

(3) the provision of auto financing service.

The measurement policies the Group adopts for reporting segment results under HKFRS 8 are the same as those used in its consolidated financial statements prepared under HKFRSs, except that the following items are not included in arriving at the segment results of the operating segments:

– expenses related to share-based payments;

– share of results of associates and joint ventures;

– interest income;

– finance costs;

– corporate income and expenses which are not directly attributable to the business activities of any operating segment; and

– income tax expense.

In addition, the operating results of the operating segments include completed segment results of the manufacture and sale of BMW vehicles, which are currently reported on the basis of the Group's share of equity interests in BMW Brilliance and included in the consolidated financial statements prepared under HKFRSs.

Segment assets include all assets other than interests in joint ventures, interests in associates, prepayments for long-term investments, available-for-sale financial assets and advance to Shenyang Automobile Industry Asset Management Company Limited ("**SAIAM**"). 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 and are not allocated to a segment.

In addition, segment assets and segment liabilities include assets and liabilities of the "manufacture and sale of BMW vehicles" segment, which are currently reported on the basis of the Group's share of equity interests in BMW Brilliance included in the consolidated financial statements prepared under HKFRS.

All segment assets are located in the PRC.

3. REVENUE AND SEGMENT INFORMATION (Continued)

Operating segments – 2017

	Manufacture and sale of minibuses and automotive components RMB'000	Manufacture and sale of BMW vehicles RMB'000	Provision of auto financing service RMB'000	Reconciliation to the Group's consolidated statement of profit or loss and intersegment elimination RMB'000	Total RMB'000
Segment sales to external customers	**5,164,050**	**111,599,149**	**151,365**	**(111,609,841)**	**5,304,723**
Segment results	**(1,370,433)**	**14,037,301**	**4,853**	**(14,042,982)**	**(1,371,261)**
Unallocated costs net of unallocated income	**–**	**–**	**–**	**–**	**(96,836)**
Interest income	**–**	**–**	**–**	**–**	**55,443**
Finance costs	**–**	**–**	**–**	**–**	**(137,871)**
Share of results of:					
Joint ventures	**(4,357)**	**5,237,669**	**–**	**–**	**5,233,312**
Associates	**216,979**	**–**	**–**	**–**	**216,979**
Profit before income tax expense					**3,899,766**

Operating segments – 2016

	Manufacture and sale of minibuses and automotive components RMB'000	Manufacture and sale of BMW vehicles RMB'000	Provision of auto financing service RMB'000	Reconciliation to the Group's consolidated statement of profit or loss and intersegment elimination RMB'000	Total RMB'000
Segment sales to external customers	5,081,201	95,504,278	53,482	(95,513,843)	5,125,118
Segment results	(721,811)	10,729,874	1,191	(10,739,439)	(730,185)
Unallocated costs net of unallocated income	–	–	–	–	(11,278)
Interest income	–	–	–	–	53,176
Finance costs	–	–	–	–	(133,135)
Share of results of:					
Joint ventures	(5,023)	3,998,419	–	–	3,993,396
Associates	252,563	–	–	–	252,563
Profit before income tax expense					3,424,537

3. REVENUE AND SEGMENT INFORMATION (Continued)

Operating Segments – 2017

	Manufacture and sale of minibuses and automotive components RMB'000	Manufacture and sale of BMW vehicles RMB'000	Provision for auto financing service RMB'000	Reconciliation to the Group's consolidated statement of financial position and intersegment elimination RMB'000	Total RMB'000
Segment assets	10,752,274	88,011,134	3,675,633	(88,901,841)	13,537,200
Interests in joint ventures	–	21,593,786	–	–	21,593,786
Interests in associates	1,747,517	–	–	–	1,747,517
Available-for-sale financial assets					24,499
Prepayments for long-term investments					600,000
Advance to SAIAM					300,000
Unallocated assets					53,129
Total assets					37,856,131
Segment liabilities	8,961,014	44,823,561	2,871,245	(45,714,268)	10,941,552
Unallocated liabilities					214,372
Total liabilities					11,155,924
Other disclosures:					
Capital expenditures	661,866	5,239,820	8,632	(5,239,820)	670,498
Depreciation of property, plant and equipment	145,767	4,478,890	3,059	(4,478,890)	148,826
Amortisation of land lease prepayments	2,058	39,415	–	(39,415)	2,058
Amortisation of intangible assets	123,705	94,975	3,346	(94,975)	127,051
Provision of inventories	58,941	277,559	–	(277,559)	58,941
Write-back of provision for inventories sold	42,012	163,275	–	(163,275)	42,012
Net impairment losses on assets	722,687	198,877	28,495	(198,877)	751,182
Income tax expense	32,625	3,561,411	1,328	(3,561,411)	33,953

3. REVENUE AND SEGMENT INFORMATION (Continued)

Operating segments – 2016

	Manufacture and sale of minibuses and automotive components RMB'000	Manufacture and sale of BMW vehicles RMB'000	Provision of auto financing service RMB'000	Reconciliation to the Group's consolidated statement of financial position and intersegment elimination RMB'000	Total RMB'000
Segment assets	9,633,035	75,672,722	1,067,202	(75,677,669)	10,695,290
Interests in joint ventures	4,774	17,640,083	–	–	17,644,857
Interests in associates	1,703,065	–	–	–	1,703,065
Available-for-sale financial assets					33,468
Prepayments for long-term investments					600,000
Advance to SAIAM					300,000
Unallocated assets					66,332
Total assets					31,043,012
Segment liabilities	8,167,934	40,392,556	266,339	(40,392,556)	8,434,273
Unallocated liabilities					10,216
Total liabilities					8,444,489
Other disclosures:					
Capital expenditures	392,238	7,937,855	5,760	(7,937,855)	397,998
Depreciation of property, plant and equipment	128,613	3,048,038	2,954	(3,048,038)	131,567
Amortisation of land lease prepayments	2,037	39,415	–	(39,415)	2,037
Amortisation of intangible assets	133,275	154,551	2,745	(154,551)	136,020
Provision of inventories	13,484	113,996	–	(113,996)	13,484
Write-back of provision for inventories sold	30,935	73,877	–	(73,877)	30,935
Net impairment losses on assets	(3,870)	131,994	7,058	(131,994)	3,188
Income tax expense	35,495	2,733,257	438	(2,733,257)	35,933

4. PROFIT BEFORE INCOME TAX EXPENSE

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

	2017	2016
	RMB'000	RMB'000
Charging:		
Impairment losses on:		
– Accounts receivable (b)	**893**	–
– Loans receivable (b)	**28,495**	7,058
– Other receivables (b)	**19,379**	4,587
– Property, plant and equipment (b)	**9,823**	–
– Intangible assets (b)	**700,000**	–
Staff costs	**735,994**	750,171
Amortisation of intangible assets (a)	**127,051**	136,020
Amortisation of land lease prepayments	**2,058**	2,037
Loss on disposal of property, plant and equipment	**2,653**	–
Depreciation of property, plant and equipment	**148,826**	131,567
Cost of inventories (c)	**5,101,568**	4,971,006
Exchange loss, net	**63,412**	–
Provision for inventories	**58,941**	13,484
Auditors' remuneration	**3,285**	2,822
Research and development costs (b)	**13,781**	8,111
Warranty provision (b)	**40,380**	29,583
Operating lease charges in respect of land and buildings	**33,087**	25,261
Crediting:		
Exchange gain, net	–	47,788
Write-back of provision for inventories sold	**42,012**	30,935
Gain on disposal of property, plant and equipment	–	5,549
Write-back of impairment losses on:		
– Accounts receivable	**64**	3,957
– Accounts receivable from affiliated companies	**6,752**	–
– Other receivables	**592**	4,500

(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.

(c) Government subsidies in the amount of RMB17,780,000 (2016: RMB24,147,000) were included in cost of inventories. The Group was entitled to receive such subsidies from a provincial government in the PRC for improving production process in the Group's manufacturing activities and there was no unfulfilled condition.

5. INCOME TAX EXPENSE

The income tax charged to the consolidated statement of profit or loss represents:

	2017 **RMB'000**	2016 RMB'000
Current tax		
PRC corporate income tax		
– Current year	**9,415**	9,646
– (Over) Under provision in prior years	**(2,973)**	760
PRC withholding tax on dividend	**27,511**	25,527
Total income tax expense	**33,953**	35,933

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

	2017 **RMB'000**	2016 RMB'000
Profit before income tax expense	**3,899,766**	3,424,537
Calculated at weighted average statutory taxation rate in the PRC of 29.88% (2016: 26.12%)	**1,165,387**	894,597
Effect of tax holiday	**(761)**	(578)
Non-taxable income net of expenses not deductible for taxation purpose	**(1,329,478)**	(1,084,399)
Unrecognised temporary differences	**(7,939)**	3,497
Unrecognised tax losses net of utilisation of previously unrecognised tax losses	**209,717**	222,056
(Over) Under provision in prior years	**(2,973)**	760
Tax expense for the year	**33,953**	35,933

6. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company of approximately RMB4,376 million (2016: approximately RMB3,682 million) by the weighted average number of ordinary shares as follows:

	Number of shares	
	2017	2016
	'000	'000
Weighted average number of ordinary shares for calculating basic earnings per share	**5,043,035**	5,036,821
Weighted average number of ordinary shares deemed issued under the Company's share option scheme	**2,175**	8,005
Weighted average number of ordinary shares for calculating diluted earnings per share	**5,045,210**	5,044,826

7. ACCOUNTS RECEIVABLE

	2017	2016
	RMB'000	RMB'000
Accounts receivable	**318,969**	346,807
Accounts receivable from affiliated companies	**704,396**	1,237,161
	1,023,365	1,583,968

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

	2017	2016
	RMB'000	RMB'000
Less than six months	**197,352**	155,729
Six months to one year	**11,714**	5,274
Above one year but less than two years	**1,001**	12,118
Two years or above	**127,423**	191,378
	337,490	364,499
Less: provision for impairment losses	**(18,521)**	(17,692)
	318,969	346,807

7. ACCOUNTS RECEIVABLE (Continued)

At 31st December, 2017, accounts receivable from third parties of approximately RMB104 million (2016: approximately RMB201 million) are substantially denominated in U.S. Dollar or Euro and the rest are denominated in Renminbi. In order 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.

8. ACCOUNTS PAYABLE

	2017	2016
	RMB'000	RMB'000
Accounts payable	**2,249,436**	1,977,242
Accounts payable to affiliated companies	**1,029,434**	1,346,881
	3,278,870	3,324,123

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

	2017	2016
	RMB'000	RMB'000
Less than six months	**1,743,531**	1,557,749
Six months to one year	**312,627**	224,606
Above one year but less than two years	**56,077**	69,264
Two years or above	**137,201**	125,623
	2,249,436	1,977,242

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

9. DIVIDENDS

On 25th August, 2017, a dividend of HK$0.11 per ordinary share (2016: HK$0.11 per ordinary share) totalling approximately HK$554,980,000 (2016: HK$554,122,000) was declared by the directors and paid during the year.

The directors did not recommend any dividend payment at the board meeting held on 28th March, 2018 in respect of the Group's 2017 annual results (2016: nil).

10. CONTINGENCIES

On 4th November, 2016, a subsidiary of the Group and Shenyang 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 (2016: RMB600 million) for the period from 1st January, 2017 to 31st December, 2017. At the time of entering into of the agreement, JinBei was a connected person/related party of the Company. As at 31st December, 2017, under this agreement, JinBei and its subsidiaries had outstanding bank loans and other banking facilities totalling RMB356 million (As at 31st December, 2016: RMB470 million) of which RMB206 million (As at 31st December, 2016: RMB200 million) and RMB150 million (As at 31st December, 2016: RMB270 million) were supported by the Group's bank deposits pledged to and corporate guarantee provided to the banks, respectively.

The Group no longer provided any corporate guarantee as at 31st December, 2017 for revolving bank loans and bank guaranteed notes to Shanghai Shenhua Holdings Co., Ltd. (As at 31st December, 2016: RMB60 million).

OVERVIEW AND PROSPECTS

During the year 2017, China's economy had continued to experience solid growth with GDP up 6.9% compared to the previous year. Total Chinese vehicle sales increased by 3.0% to 28.88 million units in 2017, according to the China Association of Automobile Manufacturers. Of this figure, passenger vehicles accounted for 24.72 million units, up only by 1.4% as a result of the pulling forward of small engine vehicle purchases at the end of 2016. Nevertheless, driven by launch of new products and revived consumer spending on luxury goods, growth of premium passenger vehicle sales in 2017 had again significantly exceeded that of the overall passenger vehicle market and reached approximately 17%.

Since the beginning of 2017, our BMW Brilliance joint venture ("**BBA**") has been working diligently to roll out new production capacity and launch new pipeline models. The capacity expansion project at the Dadong plant was completed in May, to prepare for production of the brand new 5-series which was launched to the market in June 2017. Together with the Tiexi plant, BBA has reached total annual production capacity of over 500,000 units providing for products of different architectures and drivetrains. The new 5-series embeds cutting-edge innovations and class-leading driving dynamics, and has received raving market reviews and extremely positive customer response since launch. In addition to the 5-series, in March 2017 BBA has also introduced the brand new BMW 1-series sedan. This new addition represents the fifth locally produced BMW product for BBA, and the first that is solely catered for the Chinese market. The new launches contributed to the newly added volume during the year. Alongside these new launches, sales volume of our X1, 2-series and 3-series also increased during the period. As a result, BBA achieved sales of 386,549 BMW vehicles in the year 2017, representing an increase of 24.7% when compared to the previous year.

BBA has continued with expansion of its dealer network which had reached 506 full service 4S shops nationwide as at 31st December, 2017. It continues to work closely with its sales organisation on all fronts in an effort to sustain the profitability of both BBA and its dealers. Various aspects of digitalisation, such as aggregation of channels, enabling of additional online activities and further integration of digital services are being rolled out in China. Furthermore, the brand new Shanghai BMW Brand Experience Centre opened in March also provides Chinese consumers with unprecedented brand experiences. BBA's sales activities also continue to be supported by the BMW auto finance company which has been performing extremely well and contributing increasing profits to BBA.

Brilliance continues to be confident about the long-term growth prospects of the Chinese premium auto industry. We believe the new products to be introduced by BBA over the next few years will have strong customer appeal, and will broaden and better tailor our product portfolio to meet Chinese consumers' preferences. The brand new X3 SAV, another new BMW model and the sixth one to be localised within BBA, will come to market later this year. The new X3 will be a key product which will bolster the competitiveness of BBA's product offerings in China. Furthermore, the company is also actively finalising its new energy vehicle strategy and product lineup for the next few years to properly position itself for participation in this rapidly growing sector in China. BBA's model pipeline will be enriched with the addition of new battery electric variants over the next few years. In order to support growth in the new energy area, BBA opened a new high voltage battery factory in its engine plant in October 2017 which is the first battery factory operated by a premium automobile manufacturer in China. In addition to the above, the topics of further capacity expansion, cost control, dealer management, component localisation, new regulation, and further integration of BBA into the BMW network via potential exports of vehicles and components from China will all remain key focus areas for BBA's ongoing operation.

As for our minibus business, the Group reached agreement at the end of 2017 to bring in Renault SAS ("**Renault**") as a shareholder and joint venture partner in our minibus operating subsidiary. The company has been renamed Renault Brilliance Jinbei Automotive Co., Ltd., and the cooperation with Renault marks a crucial strategic move and an important step for the company to turn around our existing minibus operation, as well as cultivate the full potential of the LCV market in China by utilising the joint expertise and knowhow of the two shareholders. During the short period since RBJAC's formation, a new senior management team has already been put in place and tasked to formulate both an immediate and mid-range business plan for the company. Although we expect RBJAC to continue to contribute negative earnings to the Group in 2018, our aim is to craft a concrete plan for existing product revamp, immediate cost reduction, sales overhaul, and new product pipeline so as to reduce losses year-on-year and ultimately returning to profitability.

BBAFC, the Company's auto finance subsidiary in China, had once again achieved profitability in 2017. In addition to supporting Huachen Group and RBJAC's sales of their SUVs, sedans, minibuses and MPVs, the company has also successfully extended its business with Jaguar Land Rover ("**JLR**") to finance their customers and dealers. At the end of 2017, BBAFC had a network coverage of more than 200 dealers with JLR, paving the way to strong future growth. Moreover, BBAFC has also established a new cooperation with TESLA, thus increasing the company's footprint in the fast-growing electric vehicle market in China.

The remaining months of 2018 will continue to be very challenging for the Group. Maintaining the prominent position of BBA in the premium auto market, executing renewed strategies for the turnaround of RBJAC with Renault as our new partner, and driving for additional businesses and profits for BBAFC, will all remain the Group's business priorities. Apart from that, the Group also continues to look for new business opportunities as well as ways to further streamline its existing operation and corporate structure to support its business growth.

BUSINESS DISCUSSION & ANALYSIS

The consolidated revenue of the Group (which represent primarily those derived from the minibus business and major operating subsidiaries such as RBJAC (previously known as Shenyang Brilliance JinBei Automobile Co., Ltd. ("**Shenyang Automotive**")) and Shenyang XingYuanDong Automobile Component Co., Ltd.) for the year ended 31st December, 2017 was RMB5,304.7 million, representing a 3.5% increase from RMB5,125.1 million for the year ended 31st December, 2016. The consolidated revenue also included income derived from auto financing services provided by BBAFC of RMB140.7 million in 2017, which was 220.5% higher than the RMB43.9 million reported for the previous year. The consolidated revenue of the Group for the year ended 31st December, 2017 had stayed comparatively stable from that of the previous year due to a similar level of minibus sales volume achieved in 2017 as compared to 2016.

RBJAC sold 61,028 minibuses and MPVs in 2017, which was 2.6% lower than the 62,673 vehicles sold in 2016. Of the minibuses sold, 52,216 units were Haise minibuses, representing a 12.9% increase from the 46,270 units sold in 2016. The increase in Haise sales volume was due to introduction of new and revamped Jinbei models that attracted new demand. The unit sales of Granse minibuses decreased by 60.1% from 11,889 units in 2016 to 4,745 units in 2017. The decrease in Granse sales volume in 2017 was a result of the phasing out of certain older variants of Granse in the market. As for the Huasong 7 MPV, sales of 4,067 units was recorded during the year, representing a 9.9% decrease from the 4,514 units sold in 2016.

Cost of sales increased by 3.3% from RMB4,953.6 million in 2016 to RMB5,118.5 million in 2017. The percentage increase in cost of sales was slightly lower than that of revenue mainly due to continuing efforts in cost control. As a result, the gross profit margin of the Group has improved slightly from 3.3% in 2016 to 3.5% in 2017.

Other income increased by 34.8% from RMB82.0 million in 2016 to RMB110.5 million in 2017 due to increased sale of scrap materials.

Interest income increased by 4.1% from RMB53.2 million in 2016 to RMB55.4 million in 2017 due to increase in cash and cash equivalents and other bank deposits during the year.

Selling expenses decreased by 6.5% from RMB611.9 million in 2016 to RMB571.9 million in 2017. The decrease in selling expenses was due to a decrease in transportation costs as a result of lower volume sold, and a decrease in staff costs. Selling expenses as a percentage of revenue has dropped from 11.9% in 2016 to 10.8% for 2017.

General and administrative expenses increased by 211.3% from RMB383.2 million in 2016 to RMB1,192.9 million in 2017 primarily due to an impairment loss of RMB700 million related to Huasong, and net exchange losses recorded during the year. As a result, general and administrative expenses as a percentage of revenue has increased from 7.5% in 2016 to 22.5% for 2017.

Finance costs increased by 3.6% from RMB133.1 million in 2016 to RMB137.9 million in 2017 due to a decrease in capitalised interest costs for capital expenditures incurred during the year.

The Group's share of results of joint ventures increased by 31.0% from RMB3,993.4 million in 2016 to RMB5,233.3 million in 2017. This was primarily attributable to the increased profits contributed by BBA, the Group's 50% indirectly-owned joint venture.

Net profits contributed to the Group by BBA increased by 31.0% from RMB3,998.4 million in 2016 to RMB5,237.7 million in 2017. The BMW joint venture achieved sales of 386,549 BMW vehicles in 2017, an increase of 24.7% as compared to 310,026 BMW vehicles sold in 2016. The 2017 sales volumes of the locally produced 3-series, 5-series, X1, and 2-series Active Tourer were 123,700 units, 121,025 units, 91,307 units and 15,801 units, respectively, translating into growth rates of 27.4%, –15.7%. 66.3%% and 9.7%, respectively, compared to 2016. In addition, the new 1-series sedan launched in March 2017 recorded sales of 34,716 units during the year.

The Group's share of results of associates decreased by 14.1% from RMB252.6 million in 2016 to RMB217.0 million in 2017. This was primarily attributable to the decrease in contributions from the Group's major associates Shenyang Aerospace Mitsubishi Motors Engine Manufacturing Co., Ltd. and Xinchen China Power Holdings Limited.

The Group's profit before income tax expense increased by 13.9% from RMB3,424.5 million in 2016 to RMB3,899.8 million in 2017. Income tax expense decreased by 5.3% from RMB35.9 million for 2016 to RMB34.0 million for 2017, primarily due to over provision of prior years income tax for a subsidiary in 2016.

As a result of the above, the Group recorded net profit attributable to equity holders of the Company of RMB4,376.1 million for the year 2017, representing an increase of 18.8% from the RMB3,682.1 million realised in 2016. Basic earnings per share in 2017 amounted to RMB0.86776, compared to RMB0.73103 in 2016. In addition, return on capital employed (as defined by the EBITDA ÷ average capital employed) for 2017 was 17.5%, compared to 18.4% for 2016.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2017, the Group had RMB1,732.1 million in cash and cash equivalents (As at 31st December, 2016: RMB936.9 million), RMB62.0 million in cash at central bank (As at 31st December, 2016: RMB4.0 million), RMB43.4 million in short-term bank deposits (As at 31st December, 2016: RMB193.1 million) and RMB1,713.8 million in pledged short-term bank deposits (As at 31st December, 2016: RMB1,339.0 million). As at 31st December, 2017, the Group had notes payable in the amount of RMB2,780.6 million (As at 31st December, 2016: RMB2,330.1 million).

As at 31st December, 2017, the Group had outstanding short-term bank borrowings of RMB2,809.9 million (As at 31st December, 2016: RMB1,325 million) and outstanding long-term bank borrowings of RMB80 million (As at 31st December, 2016: nil).

All short-term bank borrowings as at 31st December, 2017 were due within one year, being repayable from 8th January, 2018 to 29th November, 2018 (As at 31st December, 2016: repayable from 10th January, 2017 to 12th December, 2017). As at 31st December, 2017, these borrowings were at fixed interest rates and were denominated in Renminbi (As at 31st December, 2016: same). All long-term bank borrowings as at 31st December, 2017 were due within 4 years, being repayable on 1st December, 2021 (As at 31st December, 2016: nil). As at 31st December, 2017, these borrowings were interest-bearing at 5.23% per annum, and were denominated in Renminbi (As at 31st December, 2016: nil).

The Group also aims to improve liquidity by ways such as monitoring the accounts receivable turnover and inventory turnover. For the year ended 31st December, 2017, the accounts receivable turnover rate and inventory turnover rate were 4.07 and 4.77, respectively (Year ended 31st December, 2016: 3.38 and 4.28, respectively).

CAPITAL STRUCTURE AND FUNDING POLICIES

As at 31st December, 2017, the Group's total assets was RMB37,856.1 million (As at 31st December, 2016: RMB31,043.0 million), which was funded by the following: (a) share capital of RMB397.2 million (As at 31st December, 2016: RMB396.8 million), (b) reserves of RMB26,125.8 million (As at 31st December, 2016: RMB23,327.0 million), (c) total liabilities of RMB11,155.9 million (As at 31st December, 2016: RMB8,444.5 million) and (d) contribution from non-controlling interests of RMB177.3 million (As at 31st December, 2016: negative contribution of RMB1,125.3 million).

As at 31st December, 2017, 94.3% (As at 31st December, 2016: 78.5%) 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 2.7% (As at 31st December, 2016: 14.6%) were denominated in U.S. Dollar. The remaining balance of 3% (As at 31st December, 2016: 6.9%) were denominated in other currencies.

Apart from the borrowings, banking facilities have been put in place for contingency purposes. As at 31st December, 2017, the Group's total available banking facilities for its daily operations amounted to RMB315.8 million (As at 31st December, 2016: RMB545 million) without any committed banking facilities.

The Group funds its short-term working capital requirement mainly through its own operational cash flow, short-term bank borrowings, issue of bank guaranteed notes and payment credit from its suppliers. The Group monitors and maintains a level of cash and cash equivalents considered adequate by the management to finance the Group's operations, expected expansion and product developments. The 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

In 2017, the Group incurred capital expenditures of RMB670.5 million (2016: RMB398.0 million) mainly for acquisition of land use rights, tools and moulds, machinery and equipment, and development costs for minibus.

As at 31st December, 2017, the Group's capital commitments, including those authorised but not yet contracted for, amounted to RMB412.3 million (As at 31st December, 2016: RMB474.7 million). Among such, contracted capital commitments amounted to RMB310.4 million (As at 31st December, 2016: RMB367.2 million), which was primarily related to the capital expenditures in respect of construction projects and acquisition of plant and machinery.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 23rd June, 2017, Shenyang JinBei Automotive Industry Holdings Co., Ltd. ("**SJAI**", an indirectly wholly-owned subsidiary of the Company) and JinBei entered into an acquisition agreement, pursuant to which SJAI agreed to acquire 39.1% equity interest in Shenyang Automotive (now known as RBJAC) from JinBei for cash consideration of RMB1. Subsequently, on 4th July, 2017, the Company and Renault entered into a framework cooperation agreement, pursuant to which the Group agreed to dispose of 49% equity interest in Shenyang Automotive (now known as RBJAC) to Renault for cash consideration of RMB1 (the "**Disposal**").

As at the date of this announcement, Renault is a shareholder of Shenyang Automotive (now known as RBJAC) whose equity interests are owned as to 51% by SJAI and 49% by Renault. Shenyang Automotive was renamed to RBJAC.

Apart from those disclosed herein, there were no significant investments held, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31st December, 2017.

NEW BUSINESS AND NEW PRODUCTS

To meet the changing customer demands and to strengthen our market position in the PRC, RBJAC will continue to evaluate, on an ongoing basis, the development of new LCV and MPV models, upgrading of existing products, expansion of its product portfolio, and potential strategic partnerships.

Following the completion of the Disposal, it is planned that RBJAC will engage in the manufacture and sale of LCV products under the JinBei, Renault and Huasong brands.

The first goal of RBJAC will be to try to invigorate the JinBei brand and then to manufacture the Renault LCVs in the PRC by 2020.

EMPLOYEES, REMUNERATION POLICY AND TRAINING PROGRAMMES

The Group employed approximately 6,280 employees as at 31st December, 2017 (As at 31st December, 2016: approximately 7,280). Employee costs amounted to RMB736.0 million for the year ended 31st December, 2017 (For the year ended 31st December, 2016: RMB750.2 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.

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

CHARGE ON ASSETS

As at 31st December, 2017, short-term bank borrowings of RMB575 million (As at 31st December, 2016: RMB130 million) were secured by the Group's buildings, tools and moulds, machinery and equipment with total net book values of approximately RMB197.1 million (As at 31st December, 2016: RMB193.2 million) and guaranteed bank notes of RMB250 million (As at 31st December, 2016: nil).

As at 31st December, 2017, long-term bank borrowings of RMB80 million (As at 31st December, 2016: nil) were secured by the Group's land lease prepayments with a net book value of RMB31.2 million (As at 31st December, 2016: nil) and buildings, plant and equipment with total net book value of RMB45.3 million (As at 31st December, 2016: nil).

In addition, as at 31st December, 2017, the Group pledged short-term bank deposits of RMB1,503.2 million (As at 31st December, 2016: RMB1,128.4 million) for issue of bank guaranteed notes to trade creditors, and RMB210.5 million (As at 31st December, 2016: RMB210.5 million) to secure bank loans granted to a related party of the Group.

As at 31st December, 2017, the Group had also pledged bank guaranteed notes receivable from third parties and affiliated companies in the amount of RMB64.2 million (As at 31st December, 2016: RMB116.5 million) and RMB250 million (As at 31st December, 2016: nil) to secure the issue of bank guaranteed notes and the bank borrowings, respectively.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR ADDITIONS OF CAPITAL ASSETS

As disclosed in the announcement of the Company dated 4th July, 2017, following the registration of Renault as a 49% shareholder of RBJAC (the "**Completion**"), the Company and Renault will complete an increase of the registered capital of RBJAC in an aggregate amount of RMB1.5 billion. Among this, RMB1 billion will be paid up upon completion of the procedures for such capital increase and issuance of a new business license of RBJAC reflecting such capital increase, by the Company and Renault in proportion to their respective equity interests in RBJAC. The remaining RMB0.5 billion will be paid up, within 12 months after the Completion, by the Company and Renault in proportion to their respective equity interests in RBJAC.

Apart from those disclosed herein, there was no plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

GEARING RATIO

As at 31st December, 2017, the gearing ratio, computed by dividing total liabilities by total equity attributable to equity holders of the Company, was approximately 0.42 (As at 31st December, 2016: 0.36). The increase in the gearing ratio was primarily due to the increase in total liabilities as compared to the last year.

FOREIGN EXCHANGE RISKS

The Group considers that exchange rate fluctuations may have some effect on the overall financial performance of the Group but it is still at a manageable level. The Group will continue to monitor the situation and may consider entering into hedging arrangements in order to minimise foreign exchange risks, if and when necessary. There were no outstanding hedging transactions as at 31st December, 2017 (As at 31st December, 2016: nil).

CONTINGENT LIABILITIES

Details of the contingent liabilities are set out in note 10 to this announcement.

DIVIDENDS

During the year under review, the directors have declared a dividend of HK$0.11 per ordinary share of the Company to shareholders whose names appeared on the register of members of the Company as at 13th October, 2017 (2016: HK$0.11 per ordinary share). The dividend was paid on 27th October, 2017.

The directors did not recommend any dividend payment at the board meeting held on 28th March, 2018 in respect of the Group's 2017 annual results (2016: nil).

CLOSURE OF REGISTER OF MEMBERS

The Company's forthcoming annual general meeting will be held on Friday, 22nd June, 2018 at 9:00 a.m. (the "**2018 AGM**").

The register of members of the Company will be closed from Friday, 15th June, 2018 to Friday, 22nd June, 2018, both days inclusive, during which period no transfer of shares will be registered. The record date for the 2018 AGM is Friday, 15th June, 2018. Only shareholders of the Company whose names appear on the register of members of the Company on Friday, 15th June, 2018 or their proxies or duly authorised corporate representatives are entitled to attend and vote at the 2018 AGM. In order to qualify for attending and voting at the 2018 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch registrar and transfer office 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., Hong Kong time, on Thursday, 14th June, 2018.

PROXY LODGMENT DEADLINE DATE AND TIME

Whether or not a shareholder is able to attend the 2018 AGM, he/she is requested to complete the proxy form in accordance with the instructions printed thereon and return it to the office of the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong before 9:00 a.m., Hong Kong time, on Wednesday, 20th June, 2018, or not less than 48 hours before the time appointed for the holding of any adjourned meeting of the 2018 AGM.

Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the 2018 AGM or any adjourned meeting thereof if they so wish and in such event, the form of proxy will be deemed to be revoked.

IMPORTANT EVENTS AFFECTING THE GROUP THAT HAVE OCCURRED SINCE THE END OF THE FINANCIAL YEAR

Save as disclosed, so far as is known to the directors of the Company, no important events affecting the Group have occurred since the end of the financial year.

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 in 2017.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors, each director of the Company has confirmed that he has complied with the standards set out in the Model Code during the year ended 31st December, 2017.

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" set out in Appendix 14 to the Listing Rules. Throughout the financial year ended 31st December, 2017, the Group has complied with all code provisions which were in effect in the financial year ended 31st December, 2017.

There have been no material changes to the information disclosed in the Company's 2016 annual report in respect of our corporate governance practices. Major updates since the 2016 annual report are summarised in the 2017 annual report to be sent to shareholders of the Company in April 2018.

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, 2017.

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 AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December, 2017 have been agreed by Grant Thornton Hong Kong Limited, the Company's auditor (the "**Auditor**"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Auditor on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The 2017 annual report of the Company containing the information required by the Listing Rules will be published on the websites of the SEHK (www.hkexnews.hk) and the Company (www.brillianceauto.com) 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. Qian Zuming *(Chief Financial Officer)* and Mr. Zhang Wei; 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, 28th March, 2018