

**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

**Brilliance Auto**  
華 晨 汽 車

Interim Report

**2021**



*\* for identification purposes only*



## RESULTS

The board of directors (the “**Board**”) of Brilliance China Automotive Holdings Limited (the “**Company**”) announces the unaudited consolidated interim financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30th June, 2021. The unaudited consolidated interim financial statements have been reviewed by the audit committee of the Board.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Expressed in thousands of RMB except for earnings per share amounts)

		(Unaudited)	
		For the six months ended	
		30th June,	
	Note	2021	2020
		RMB'000	RMB'000
			(Restated)
<b>Revenue</b>	5	<b>1,525,644</b>	1,450,056
Cost of sales		<b>(1,410,205)</b>	(1,372,713)
		<hr/>	
<b>Gross profit</b>		<b>115,439</b>	77,343
Other income		<b>34,582</b>	122,345
Interest income		<b>38,365</b>	96,528
Selling expenses		<b>(92,717)</b>	(96,607)
General and administrative expenses		<b>(262,414)</b>	(590,123)
Net expected credit loss (“ECL”) allowance on loan and receivables		<b>(449,865)</b>	(4,740,125)
Loss on unauthorised guarantees		–	(1,917,062)
Finance costs	6	<b>(71,643)</b>	(58,851)
Share of results of:			
A joint venture		<b>8,138,572</b>	4,383,255
Associates		<b>25,264</b>	(52,675)
		<hr/>	
<b>Profit (Loss) before income tax expense</b>	7	<b>7,475,583</b>	(2,775,972)
Income tax expense	9	<b>(6,062)</b>	(12,948)
		<hr/>	
<b>Profit (Loss) for the period</b>		<b>7,469,521</b>	(2,788,920)
		<hr/>	
<b>Attributable to:</b>			
Equity holders of the Company		<b>7,607,111</b>	(2,493,489)
Non-controlling interests		<b>(137,590)</b>	(295,431)
		<hr/>	
		<b>7,469,521</b>	(2,788,920)
		<hr/>	
<b>Earnings (Loss) per share</b>	10		
– Basic		<b>RMB1.50777</b>	RMB(0.49422)
– Diluted		<b>RMB1.50777</b>	RMB(0.49422)
		<hr/>	

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited)	(Audited)
		As at	As at
		30th June,	31st December,
		2021	2020
	Note	RMB'000	RMB'000
<b>Non-current assets</b>			
Intangible assets	12	668,164	618,058
Property, plant and equipment	12	1,546,901	1,593,482
Construction-in-progress	12	517,998	529,212
Land lease prepayments	12	79,206	80,265
Interests in a joint venture	13	37,138,569	29,960,324
Interests in associates	14	1,132,745	1,108,960
Equity investments	15	9,562	6,881
Long-term loan receivables	16	1,990,088	2,613,356
Other non-current assets		121,020	116,829
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>43,204,253</b>	<b>36,627,367</b>
<b>Current assets</b>			
Cash and cash equivalents	17	1,147,270	2,021,771
Statutory deposit reserves at central bank		39,041	31,564
Short-term bank deposits		–	500,000
Pledged and restricted short-term bank deposits	18	1,846,755	1,514,023
Inventories		399,611	505,883
Accounts receivable	19	499,880	896,261
Notes receivable	20	143,216	108,501
Other current assets	21	3,279,298	5,769,343
		<hr/>	<hr/>
<b>Total current assets</b>		<b>7,355,071</b>	<b>11,347,346</b>
<b>Current liabilities</b>			
Accounts payable	22	1,205,840	1,459,316
Notes payable	23	1,562,395	1,941,987
Other current liabilities	24	1,548,167	4,000,960
Short-term bank borrowings	25	3,483,900	4,528,700
Long-term bank borrowings due within one year	25	529,900	217,200
Income tax payable		693	14,176
Provision for loss on unauthorised guarantees	26	1,917,062	1,917,062
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>10,247,957</b>	<b>14,079,401</b>

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

		(Unaudited)	(Audited)
		As at	As at
		30th June,	31st December,
		2021	2020
	Note	RMB'000	RMB'000
<b>Net current liabilities</b>		<b>(2,892,886)</b>	<b>(2,732,055)</b>
<b>Total assets less current liabilities</b>		<b>40,311,367</b>	<b>33,895,312</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	24	149,069	157,182
Long-term bank borrowings	25	-	381,000
<b>Total non-current liabilities</b>		<b>149,069</b>	<b>538,182</b>
<b>Net assets</b>		<b>40,162,298</b>	<b>33,357,130</b>
<b>Capital and reserves</b>			
Share capital	27	397,176	397,176
Reserves	28	39,537,488	32,888,605
Total equity attributable to equity holders of the Company		<b>39,934,664</b>	<b>33,285,781</b>
Non-controlling interests		<b>227,634</b>	<b>71,349</b>
<b>Total equity</b>		<b>40,162,298</b>	<b>33,357,130</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30th June, 2020 (Unaudited)

	Attributable to the equity holders of the Company							Total equity attributable to the equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000			
	Issued capital RMB'000	Hedging reserve RMB'000	Share premium RMB'000	Investment fair value RMB'000	FVOCI reserve RMB'000	Cumulative translation adjustments RMB'000	Difference arising from acquisition of non-controlling interests RMB'000				Capital reserve RMB'000	Retained earnings RMB'000	
As at 1st January, 2020, as restated	397,176	(548,845)	2,476,082	(9,156)	(1,216)	39,179	(2,350,481)	120,000	33,707,327	33,830,066	549,919	34,379,985	
Transactions with equity holders of the Company													
Capital contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	490,000	490,000
Loss for the period, as restated	-	-	-	-	-	-	-	-	(2,488,488)	(2,493,488)	(295,431)	(2,788,920)	
Other comprehensive income													
Share of other comprehensive income of a joint venture	-	739,260	-	-	-	-	-	-	-	739,260	-	739,260	
Share of other comprehensive expense of an associate	-	-	-	-	(88)	-	-	-	-	(88)	-	(88)	
Change in fair value of financial assets	-	-	-	(851)	(29)	-	-	-	-	(880)	(561)	(1,441)	
	-	739,260	-	(851)	(117)	-	-	-	-	738,292	(561)	737,731	
Total comprehensive expense	-	739,260	-	(851)	(117)	-	-	-	(2,488,488)	(1,755,197)	(295,992)	(2,051,189)	
As at 30th June, 2020	397,176	190,415	2,476,082	(10,007)	(1,333)	39,179	(2,350,481)	120,000	31,213,838	32,074,869	743,927	32,818,796	

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

Six months ended 30th June, 2021 (Unaudited)

		Attributable to the equity holders of the Company						Total equity attributable to the equity holders of the Company	Non-controlling interests	Total equity			
		Issued capital	Hedging reserve	Share premium	Investment fair value	FVOCI reserve	Cumulative translation adjustments	Difference arising from acquisition of non-controlling interests	Capital reserve	Retained earnings	Total equity	Total equity	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
As at 1st January, 2021		397,176	764,509	2,476,082	(6,752)	(706)	39,179	(2,350,481)	120,000	31,848,774	33,285,781	71,349	33,357,130
Transactions with equity holders of the Company													
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	294,000	294,000
Profit for the period		-	-	-	-	-	-	-	-	7,607,111	7,607,111	(137,590)	7,469,521
Other comprehensive expense													
Share of other comprehensive expense of a joint venture		-	(960,327)	-	-	-	-	-	-	-	(960,327)	-	(960,327)
Change in fair value of financial assets		-	-	-	2,681	(692)	-	-	-	-	2,089	(125)	1,974
		-	(960,327)	-	2,681	(692)	-	-	-	-	(958,228)	(125)	(958,353)
Total comprehensive income		-	(960,327)	-	2,681	(692)	-	-	-	7,607,111	6,648,883	(137,715)	6,511,168
As at 30th June, 2021		397,176	(195,816)	2,476,082	(6,071)	(1,288)	39,179	(2,350,481)	120,000	39,455,885	39,934,664	227,634	40,162,298



## CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>(Unaudited)</b>	
	<b>For the six months ended</b>	
	<b>30th June,</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(Restated)</b>
<b>Net cash generated from (used in) in operating activities</b>	<b>1,628,076</b>	<b>(1,047,076)</b>
<b>Net cash used in investing activities</b>	<b>(583,769)</b>	<b>(1,091,394)</b>
<b>Net cash (used in) generated from financing activities</b>	<b>(1,918,808)</b>	<b>1,188,577</b>
<b>Decrease in cash and cash equivalents</b>	<b>(874,501)</b>	<b>(949,893)</b>
<b>Cash and cash equivalents, as at 1st January</b>	<b>2,021,771</b>	<b>2,763,533</b>
<b>Cash and cash equivalents, as at 30th June</b>	<b>1,147,270</b>	<b>1,813,640</b>

## NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. ORGANISATION AND OPERATIONS

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

The principal activities of the Group are set out in note 5 to these consolidated financial interim statements.

### 2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES

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

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

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

### 3. ADOPTION OF NEW AND AMENDED HKFRSs

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

Amendments to HKFRS 9, HKAS 39,  
HKFRS 7, HKFRS 4 and HKFRS 16

Interest Rate Benchmark Reform – Phase 2

The adoption of these New and Amended HKFRSs had no material impact on how the results and financial positions for the current and prior periods have been prepared and presented.

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

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

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

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

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

	As previously		Restated amount RMB'000
	stated RMB'000	Restatement RMB'000	
Earnings (Loss) per share			
– Basic	0.80178	(1.29600)	(0.49422)
– Diluted	0.80178	(1.29600)	(0.49422)

## 5. REVENUE AND SEGMENT INFORMATION

The Company is an investment holding company. The principal activities of the Group are the manufacture and sale of BMW vehicles in the People's Republic of China (the "PRC") through its major joint venture, BMW Brilliance Automotive Ltd. ("BBA"), the manufacture and sale of minibuses and multi-purpose vehicles ("MPVs"), through its subsidiary, Renault Brilliance Jinbei Automotive Company Limited ("RBJAC") and automotive components through its subsidiaries Ningbo Yumin Machinery Industrial Co., Ltd ("Ningbo Yumin") and Mianyang Brilliance Ruian Automotive Components Co., Ltd. ("Mianyang Ruian"), and the provision of auto financing service through its subsidiary, Brilliance-BEA Auto Finance Co., Ltd. ("BBAFC"). Revenue earned during the period represents:

	(Unaudited)	
	For the six months ended	
	30th June,	
	2021	2020
	RMB'000	RMB'000
Sale of minibuses, MPVs and automotive components, net of consumption tax, discounts and return	1,309,463	1,152,822
Interest and service charge income from provision of auto financing service, net of other indirect taxes	216,181	297,234
	<b>1,525,644</b>	<b>1,450,056</b>

The Group has identified the following reportable segments:

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

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

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

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

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

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

Revenue and results by reportable segments and reconciliation of segment results to profit before income tax expense for the period – for the six months ended 30th June, 2021

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

Revenue and results by reportable segments and reconciliation of segment results to loss before income tax expense for the period – for the six months ended 30th June, 2020

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

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

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

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

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

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

## 6. FINANCE COSTS

	(Unaudited)	
	For the six months ended	
	30th June,	
	2021	2020
	RMB'000	RMB'000
Interest expense on:		
– Bank borrowings	45,651	34,053
– Discounted bank guaranteed notes/net loss arising on FVOCI	24,282	24,104
– Finance charges on lease liabilities	1,710	1,798
	<b>71,643</b>	59,955
Less: interest expense capitalised in intangible assets and construction-in-progress	–	(1,104)
	<b>71,643</b>	58,851

No interest expense capitalised in intangible assets and construction-in-progress in the six months ended 30th June, 2021 (2020: Interest expense capitalised at the rate of 5.65% per annum).

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

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

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

(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.

8. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	(Unaudited)	
	For the six months ended	
	30th June,	
	2021	2020
	RMB'000	RMB'000
Wages, salaries and performance related bonus	199,937	251,563
Pension costs – defined contribution plans	22,828	17,851
Staff welfare costs	47,777	50,561
	<hr/>	<hr/>
	270,542	319,975

9. INCOME TAX EXPENSE

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

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

10. EARNINGS (LOSS) PER SHARE

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

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

11. DIVIDENDS

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



12. CAPITAL EXPENDITURES

	(Unaudited)			
	Intangible assets <i>RMB'000</i>	Property, plant and equipment <i>RMB'000</i>	Construction -in-progress <i>RMB'000</i>	Land lease prepayments <i>RMB'000</i>
Net book value as at 1st January, 2021	618,058	1,593,482	529,212	80,265
Additions	83,253	30,502	36,775	–
Transfer	1,649	46,340	(47,989)	–
Disposals/Write-off	–	(1,270)	–	–
Amortisation/Depreciation	(34,796)	(121,190)	–	(1,059)
Impairment	–	(963)	–	–
<b>Net book value as at 30th June, 2021</b>	<b>668,164</b>	<b>1,546,901</b>	<b>517,998</b>	<b>79,206</b>

As at 30th June, 2021, included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	Carrying amount		Depreciation	
	(Unaudited) As at 30th June, 2021 <i>RMB'000</i>	(Audited) As at 31st December, 2020 <i>RMB'000</i>	(Unaudited) For the six months ended 30th June, 2021 <i>RMB'000</i>	(Audited) As at 31st December, 2020 <i>RMB'000</i>
Buildings	69,012	77,067	11,143	11,615
Machinery & equipment	308	–	44	–
Motor vehicles	118	158	39	10
	<b>69,438</b>	<b>77,225</b>	<b>11,226</b>	<b>11,625</b>

During the six months ended 30th June, 2021, the total additions to and net book value disposed of for right-of-use assets included in property, plant and equipment, amounted to approximately RMB4,282,000, including RMB740,000 arising from modification of lease arrangement (Six months ended 30th June, 2020: approximately RMB15,055,000 including RMB1,336,000 arising from modification of lease arrangement) and RMB842,000 (Six months ended 30th June, 2020: approximately RMB891,000), respectively.

13. INTERESTS IN A JOINT VENTURE

	(Unaudited)	(Audited)
	As at 30th June, 2021 <i>RMB'000</i>	As at 31st December, 2020 <i>RMB'000</i>
Share of net assets by equity method		
– Unlisted joint venture	<b>37,138,569</b>	29,960,324

### 13. INTERESTS IN A JOINT VENTURE (Cont'd)

BBA's assets and liabilities and the respective net assets shared by the Group are as follows:

	(Unaudited) As at 30th June, 2021 RMB'000	(Audited) As at 31st December, 2020 RMB'000
Non-current assets	63,644,558	60,426,516
Current assets	85,186,736	78,879,324
Current liabilities	(59,434,466)	(65,756,896)
Non-current liabilities	(15,119,691)	(13,628,296)
Net assets	<u>74,277,137</u>	<u>59,920,648</u>
Proportion of the Group's ownership interest in BBA	50%	50%
Carrying amount of the Group's interest in BBA	<u>37,138,569</u>	<u>29,960,324</u>

BBA's revenue, profit and dividend received by the Group for the period are as follows:

	(Unaudited) For the six months ended 30th June, 2021                      2020 RMB'000                RMB'000	
Revenue	113,985,302	80,900,375
Profit for the period	<u>16,277,142</u>	<u>8,766,509</u>
Dividends received from the joint venture	-	-

### 14. INTERESTS IN ASSOCIATES

	(Unaudited) As at 30th June, 2021 RMB'000	(Audited) As at 31st December, 2020 RMB'000
<b>Share of net assets by equity method and goodwill:</b>		
Associates listed in Hong Kong	742,144	729,098
Less: impairment loss for interests in an associate listed in Hong Kong	(72,799)	(72,799)
	<u>669,345</u>	<u>656,299</u>
Unlisted associates	505,607	494,868
Less: impairment loss for interests in an unlisted associate	(42,207)	(42,207)
	<u>463,400</u>	<u>452,661</u>
	<u>1,132,745</u>	<u>1,108,960</u>
Fair value of investment in associates listed in Hong Kong	<u>183,077</u>	<u>158,208</u>

#### 14. INTERESTS IN ASSOCIATES (Cont'd)

There is no associate that is individually material to the Group. The Group's share of aggregate financial information of the associates for the six months ended 30th June, 2021 is summarised as follows:

	(Unaudited)	
	For the six months ended	
	30th June,	
	2021	2020
	RMB'000	RMB'000
Net profit (loss) and other comprehensive income (expense) attributable to the Group	25,264	(52,675)
Dividends received from associates	-	-

#### 15. EQUITY INVESTMENTS

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2021	2020
	RMB'000	RMB'000
Financial assets of FVOCI (non-recycling)		
– Unlisted equity investment	4,138	4,138
– Listed equity investment in Hong Kong	5,424	2,743
	<u>9,562</u>	<u>6,881</u>

#### 16. LOAN RECEIVABLES

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2021	2020
	RMB'000	RMB'000
Loan receivables from customers	4,505,427	5,608,199
Less: ECL allowance	(81,126)	(100,668)
	<u>4,424,301</u>	<u>5,507,531</u>
Less: current portion (note 21)	<u>(2,434,213)</u>	<u>(2,894,175)</u>
Long-term loan receivables	<u>1,990,088</u>	<u>2,613,356</u>
Gross loan receivables recoverable:		
– No later than one year	2,481,242	2,948,698
– Later than one year and no later than five years	2,024,185	2,659,501
	<u>4,505,427</u>	<u>5,608,199</u>

All loan receivables were derived from the business of provision of auto financing service by BBAFC during the period. The balances are denominated in Renminbi and secured by the motor vehicles of the borrowers of retail auto financing, and security deposits are required from borrowers of wholesale auto financing.

## 16. LOAN RECEIVABLES (Cont'd)

BBAFC has joint auto financing service with an affiliated company of a non-controlling interest of BBAFC ("Joint Lender"). The credit risk under this joint auto financing to the Group is only up to the amount financed by the Group and motor vehicles secured by retail borrowers are also shared proportionately between the Group and the Joint Lender in case of default by the retail borrowers. As at 30th June, 2021, loan receivables of approximately RMB48,850,000 (As at 31st December, 2020: approximately RMB44,749,000) were outstanding balances to the Group under this joint auto financing arrangement.

## 17. CASH AND CASH EQUIVALENTS

For consolidated statement of financial position classification, cash and cash equivalents represent assets similar in nature to cash, which are not restricted as to use. For the purposes of consolidated statement of cash flows, cash and cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts and short-term bank borrowings with maturities less than 3 months.

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

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

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

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

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

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

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

19. ACCOUNTS RECEIVABLE

	(Unaudited) As at 30th June, 2021 RMB'000	(Audited) As at 31st December, 2020 RMB'000
Accounts receivable	349,176	326,281
Accounts receivable from affiliated companies (note 29(c))	150,704	569,980
	<b>499,880</b>	<b>896,261</b>

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

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

As at 30th June, 2021, accounts receivable from third parties of approximately RMB40 million (As at 31st December, 2020: approximately RMB44 million) were substantially denominated in U.S. Dollar or Euro and the rest were denominated in Renminbi.

The Group's credit policy is to minimise credit risk. Credit history and background of new customers and debtors are checked and security deposits or letters of credit are usually obtained from major customers. Credit limits with credit terms of 30 to 90 days are set for PRC customers, and customers considered to be high risk are traded on cash basis or upon receipt of bank guaranteed notes or letters of credit. For overseas customers, since settlements must be made by letters of credit, credit periods up to one year are granted. Designated staff monitors accounts receivable and follow-up collection with customers.

20. NOTES RECEIVABLE

	(Unaudited) As at 30th June, 2021 RMB'000	(Audited) As at 31st December, 2020 RMB'000
Notes receivable	142,129	107,267
Notes receivable from affiliated companies (note 29(d))	1,087	1,234
	<b>143,216</b>	<b>108,501</b>

All notes receivable are denominated in Renminbi and are primarily notes received from customers for settlement of accounts receivable balances. As at 30th June, 2021, all notes receivable were guaranteed by established banks in the PRC with maturities of less than six months from 30th June, 2021 (As at 31st December, 2020: same).

20. **NOTES RECEIVABLE (Cont'd)**

The Group does not hold the notes receivable until maturity but endorses or discounts these notes receivable before maturity for the settlement of the Group's creditors. Accordingly, these notes receivable are classified as financial assets at FVOCI (recycling) and are stated at fair value. The fair value is based on the net present value at 30th June, 2021 from expected timing of endorsements and discounting at the interest rates for the respective notes receivable (At 31st December, 2020: same). The fair value is within level 2 of the fair value hierarchy.

21. **OTHER CURRENT ASSETS**

		(Unaudited) As at 30th June, 2021	(Audited) As at 31st December, 2020
	Note	RMB'000	RMB'000
Other receivables	21(a)	204,487	594,076
Prepayments and other current assets		124,956	101,111
Other taxes recoverable		82,203	120,056
Amounts due from affiliated companies	29(e)	416,905	2,043,391
Dividend receivable from an affiliated company	29(f)	16,534	16,534
Short-term loan receivables	16	2,434,213	2,894,175
		<b>3,279,298</b>	<b>5,769,343</b>

(a) **Other receivables**

		(Unaudited) As at 30th June, 2021	(Audited) As at 31st December, 2020
		RMB'000	RMB'000
Amounts due from Huayixin and its subsidiary Chenbao (Liaoning) Automobile Manufacturing Co., Ltd. ("Chenbao") in respect of:			
– the Group's pledged short-term deposits deducted by Shengjing Bank for repayment of notes payable of Huayixin		2,925,900	2,575,900
– loans to Chenbao		1,148,400	1,148,400
		<b>4,074,300</b>	<b>3,724,300</b>
Receivable from a third party		–	400,000
Others		394,115	383,558
		<b>4,468,415</b>	<b>4,507,858</b>
Less: ECL allowance		<b>(4,263,928)</b>	<b>(3,913,782)</b>
		<b>204,487</b>	<b>594,076</b>

The other receivable of RMB2,925,900,000 (As at 31st December, 2020: RMB2,575,900,000) at 30th June, 2021 were arising from the unauthorised pledged short-term bank deposits, in which RMB2,200,000,000 was deducted by Shengjing Bank and RMB725,900,000 were arising from the pledged short-term bank deposits released by Yingkou Bank and then directly transferred to Huayixin in the year ended 31st December, 2020 due to the failure of repayment by Huayixin for the issue of bank guaranteed notes. Full amount of ECL allowance was recognised at 30th June, 2021 and 31st December, 2020.

21. OTHER CURRENT ASSETS (Cont'd)

(a) Other receivables (Cont'd)

For the loans to Chenbao of RMB1,148,400,000 (As at 31st December, 2020: RMB1,148,400,000), except for RMB240,000,000 (As at 31st December, 2020: RMB240,000,000) which is unsecured, interest-bearing at 4.0% per annum and repayable on 23rd June, 2021, the remaining balance is unsecured, interest-free and has no fixed repayment terms.

All other receivables are denominated in Renminbi. The directors consider that the fair values of other receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods.

22. ACCOUNTS PAYABLE

	(Unaudited) As at 30th June, 2021 RMB'000	(Audited) As at 31st December, 2020 RMB'000
Accounts payable	878,863	1,003,001
Accounts payable to affiliated companies (note 29(g))	326,977	456,315
	<b>1,205,840</b>	<b>1,459,316</b>

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

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

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

23. NOTES PAYABLE

	(Unaudited) As at 30th June, 2021 RMB'000	(Audited) As at 31st December, 2020 RMB'000
Notes payable	1,516,108	1,934,827
Notes payable to affiliated companies (note 29(h))	46,287	7,160
	<b>1,562,395</b>	<b>1,941,987</b>

24. OTHER CURRENT LIABILITIES

	(Unaudited) As at 30th June, 2021 RMB'000	(Audited) As at 31st December, 2020 RMB'000
Contract liabilities	44,607	49,921
Others payable	1,164,180	1,576,534
Security deposits for wholesale auto financing	-	73
Accrued expenses	135,429	116,123
Deferred income	41,778	77,247
Other taxes payable	16,018	18,051
Provision for warranty	24(a) 19,930	20,931
Deferred government grants	24(b) 91,766	94,206
Lease liabilities	24(c) 70,587	77,208
Amounts due to affiliated companies	29(i) 112,941	2,127,848
	<b>1,697,236</b>	4,158,142
Less: non-current portion	<b>(149,069)</b>	<b>(157,182)</b>
Current portion	<b>1,548,167</b>	4,000,960

(a) Provision for warranty

	(Unaudited) As at 30th June, 2021 RMB'000	(Audited) As at 31st December, 2020 RMB'000
Warranty to be provided		
– within one year	12,441	12,444
– over one year	7,489	8,487
	<b>19,930</b>	20,931

(b) Deferred government grants

	(Unaudited) As at 30th June, 2021 RMB'000	(Audited) As at 31st December, 2020 RMB'000
Government grants to be recognised as income		
– within one year	4,880	4,880
– over one year	86,886	89,326
	<b>91,766</b>	94,206



24. OTHER CURRENT LIABILITIES (Cont'd)

(c) Lease liabilities

	(Unaudited) As at 30th June, 2021 RMB'000	(Audited) As at 31st December, 2020 RMB'000
Total minimum lease payments		
– due within one year	18,905	21,025
– due in the second to fifth years	29,294	33,270
– due after fifth years	43,529	45,435
	<u>91,728</u>	<u>99,730</u>
Less: future finance charges on lease liabilities	(21,141)	(22,522)
Present value of lease liabilities	<u>70,587</u>	<u>77,208</u>
Present value of minimum lease payments		
– due within one year	15,893	17,839
– due in the second to fifth years	21,406	25,007
– due after fifth years	33,288	34,362
	<u>70,587</u>	<u>77,208</u>
Less: portion due within one year included under current liabilities	(15,893)	(17,839)
Portion due after one year included under non-current liabilities	<u>54,694</u>	<u>59,369</u>

As at 30th June, 2021 and 31st December, 2020, some lease liabilities are effectively secured by the related underlying assets as the right-to-use assets would be reverted to the lessors in the event of default of repayment by the Group.

25. BANK BORROWINGS

	(Unaudited) As at 30th June, 2021 RMB'000	(Audited) As at 31st December, 2020 RMB'000
<i>Short-term bank borrowings:</i>		
Secured bank borrowings	1,648,700	2,242,700
Unsecured bank borrowings	1,835,200	2,286,000
	<u>3,483,900</u>	<u>4,528,700</u>
<i>Secured long-term bank borrowings</i>		
Due within one year	529,900	217,200
Due over one year	–	361,000
	<u>529,900</u>	<u>598,200</u>
	<u>4,013,800</u>	<u>5,126,900</u>

All short-term bank borrowings as at 30th June, 2021 were interest-bearing at rates ranging from 3.50% to 9.00% per annum (As at 31st December, 2020: 3.50% to 8.20% per annum) and repayable from 5th July, 2021 to 1st July, 2022 (As at 31st December, 2020: repayable from 4th January, 2021 to 21st December, 2021).

## 25. BANK BORROWINGS (Cont'd)

As at 30th June, 2021, secured short-term bank borrowings are secured by the Group's land lease prepayments with a net book value of approximately RMB2.0 million (*As at 31st December, 2020: approximately RMB2.1 million*), buildings, tools and moulds, machinery and equipment and construction-in-progress with an aggregate net book values of approximately RMB111.0 million (*As at 31st December, 2020: approximately RMB111.1 million*), and loan receivables of RMB2,092.4 million (*As at 31st December, 2020: RMB2,957.8 million*).

All long-term bank borrowings as at 30th June, 2021 were interest-bearing at rates from 4.10% to 5.23% per annum (*As at 31st December, 2020: 4.10% to 5.23% per annum*), repayable from 20th July, 2021 to 13th May, 2022 (*As at 31st December, 2020: repayable from 20th January, 2021 to 1st December, 2021*) for the portion due within one year. The secured long-term bank borrowings are secured by the Group's land lease prepayments with a net book value of approximately RMB29.1 million (*As at 31st December, 2020: approximately RMB29.4 million*) and buildings, plant and equipment with an aggregate net book value of approximately RMB25.7 million (*As at 31st December, 2020: approximately RMB52.3 million*), and loan receivables of RMB965.5 million (*As at 31st December, 2020: RMB1,059.1 million*).

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

## 26. PROVISION FOR LOSS ON UNAUTHORISED GUARANTEES

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

## 27. SHARE CAPITAL

	(Unaudited)		(Audited)	
	As at 30th June, 2021		As at 31st December, 2020	
Number of shares	Amount	Number of shares	Amount	
'000	US\$'000	'000	US\$'000	
Authorised:				
Ordinary shares at par value of US\$0.01 each	8,000,000	80,000	8,000,000	80,000

	(Unaudited)		(Audited)	
	As at 30th June, 2021		As at 31st December, 2020	
Number of shares	Amount	Number of shares	Amount	
'000	RMB'000	'000	RMB'000	
Issued and fully paid:				
Ordinary shares at par value of US\$0.01 each				
At beginning of period/year and reporting date	5,045,269	397,176	5,045,269	397,176

The Company had no outstanding share option at both 30th June, 2021 and 31st December, 2020.

## 28. RESERVES

### (a) Hedging reserve

It represents the Group's share of the hedging reserve in the equity of a joint venture. Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk of a committed future transaction, the effective portion of any gains or losses on remeasurement of the derivative financial instrument to fair value are recognised in other comprehensive income and accumulated separately in equity in the hedging reserve.

### (b) Capital reserve

In 2003, as approved by the board of directors of Shenyang XingYuanDong Automotive Components Co., Ltd. ("**Xing Yuan Dong**") in accordance with the relevant laws and regulations, dedicated capital of Xing Yuan Dong amounting to RMB120 million was released for capitalisation of paid-up registered capital. Such release of dedicated capital is credited to the capital reserve.

### (c) Retained earnings

The Group's retained earnings at 30th June, 2021 included an amount of approximately RMB1,715,212,000 (*As at 31st December, 2020: approximately RMB1,715,212,000*) reserved by the subsidiaries in the PRC in accordance with relevant PRC regulations. The PRC laws and regulations require companies registered in the PRC to allocate 10% of their profits after tax (determined under PRC GAAP) to their respective statutory reserves. No allocation to the statutory reserves is required after the balance of such reserve reaches 50% of the registered capital of the respective companies. The statutory surplus reserves shall only be used to make up losses of the Company, to expand the Company's production operations, or to increase the capital of the Company.

## 29. CONNECTED AND RELATED PARTY TRANSACTIONS

Related parties include those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. The Group is subject to the control of the PRC Government.

In accordance with HKAS24 (Revised) "Related Party Disclosures" ("**HKAS 24**"), other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC Government ("**government-related entities**") are regarded as related parties of the Group.

For the related party transactions disclosure purpose, an affiliated company is a company in which one or more of the directors or substantial shareholders of the Company have direct or indirect beneficial interests in the company or are in a position to exercise significant influence over the company, including joint ventures and associates of the Group. Parties are also considered to be affiliated if they are subject to common control or common significant influence.

In addition to the related party information shown elsewhere in the consolidated interim financial statements, the following is a summary of significant related party transactions entered into in the ordinary and usual course of business and balances between the Group and its related parties, including other government-related entities.

29. **CONNECTED AND RELATED PARTY TRANSACTIONS (Cont'd)**

During the period under review, the Group had significant transactions and balances with the following related parties, some of which are also deemed to be connected persons pursuant to the Listing Rules.

<b>Name</b>	<b>Relationship</b>
Huachen	Major shareholder of the Company
Liaoning Shenhua Holdings Co., Ltd. (" <b>Shenhua Holdings</b> ", formerly "Shanghai Shenhua Holdings Co., Ltd.")	Common directorship of certain directors of the Company
Brilliance Holdings Limited (" <b>BHL</b> ")	Common directorship of a director of the Company
Renault SAS	49% non-controlling interest of RBJAC

Huachen is a PRC government-related entity, and is a connected person of the Company under the Listing Rules, with which the Group has material transactions.

- (a) The related party transactions in respect of items listed below also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules:

	<b>(Unaudited)</b>	
	<b>For the six months ended</b>	
	<b>30th June,</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Sales of goods:		
– Huachen and its affiliated companies	<b>28,799</b>	109,632
Purchases of goods and services:		
– Renault SAS	<b>22,311</b>	129,812
– Huachen and its affiliated company	<b>70,423</b>	89,631
Comprehensive services provided to:		
– Huachen and its affiliated company	<b>8,317</b>	15,604
Rental income from <i>(Note)</i> :		
– Huachen	<b>1,526</b>	1,839
Leases payments rent to <i>(Note)</i> :		
– Huachen	<b>1,906</b>	1,783

*Note:* Other than approximately RMB1,906,000 (2020: approximately RMB1,783,000) lease payments to Huachen, the rental income from Huachen constitutes continuing connected transactions but was exempt from the requirements of reporting, annual review, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules.

29. CONNECTED AND RELATED PARTY TRANSACTIONS (Cont'd)

- (b) In addition to the above or as disclosed elsewhere in these consolidated interim financial statements, the Group also had the following material related party transactions:

	(Unaudited)	
	For the six months ended	
	30th June,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of goods:		
– Shenhua Holdings and its affiliated companies	11,298	19,806
– A joint venture	5,999	3,297
– Associates	5,359	12,058
Purchases of goods:		
– A joint venture	542	612
– Associates	150,155	143,798
Other transactions:		
Comprehensive services provided for a joint venture	16,024	10,493
Interest income from		
– an associate	27,887	20,429
– Xinhua Investment Holdings Limited (“Xinhua Investment”)	4,289	4,667
Interest to a non-controlling interest of BBAFC	21,955	17,521
Services fee from a non-controlling interest of BBAFC	3,102	5,276
Other income from affiliated companies of Shenhua Holdings	1,027	2,353
Lease payments rent to Shenhua Holdings	335	335
Purchases of property, plant and equipment from associates	3,813	1,035

The above transactions were carried out after negotiations between the Group and the affiliated companies in the ordinary course of business and on the basis of estimated market values as determined by the directors.

- (c) As at 30th June, 2021, the Group's accounts receivable from affiliated companies consisted of the following:

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Accounts receivable from related parties:		
– Shenhua Holdings and its affiliated companies	10,416	10,416
– Huachen and its affiliated companies	293,740	710,001
– Associates	6,926	9,949
– A joint venture	4,669	5,635
– An affiliated company of a shareholder of a joint venture	340	340
	<b>316,091</b>	736,341
Less: ECL allowance	<b>(165,387)</b>	(166,361)
	<b>150,704</b>	569,980

The Group's credit policy is to offer credit to affiliated companies following financial assessment and established payment track record. These affiliated companies are generally required to settle 25% to 33% of the previous month's ending balances.

The directors consider that the fair values of accounts receivable from affiliated companies which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception. The fair values are within level 2 of the fair value hierarchy.

29. **CONNECTED AND RELATED PARTY TRANSACTIONS (Cont'd)**

(c) (Cont'd)

The aging analysis of accounts receivable due from affiliated companies based on invoice date is as follows:

	<b>(Unaudited)</b>	(Audited)
	<b>As at</b>	As at 31st
	<b>30th June,</b>	December,
	<b>2021</b>	2020
	<b>RMB'000</b>	<b>RMB'000</b>
Less than six months	6,112	63,523
Six months to one year	52,866	134,994
Above one year but less than two years	102,129	414,634
Above two years but less than five years	133,880	102,109
Five years or above	21,104	21,081
	<b>316,091</b>	<b>736,341</b>

(d) As at 30th June, 2021, the Group's notes receivable from affiliated companies arising from trading activities consisted of the following:

	<b>(Unaudited)</b>	(Audited)
	<b>As at</b>	As at 31st
	<b>30th June,</b>	December,
	<b>2021</b>	2020
	<b>RMB'000</b>	<b>RMB'000</b>
Notes receivable from related parties:		
– An affiliated company of Shenhua Holdings	170	–
– Associates	917	1,234
	<b>1,087</b>	<b>1,234</b>

All notes receivable from affiliated companies are guaranteed by established banks in the PRC and have maturities of six months or less from 30th June, 2021 (As at 31st December, 2020: same).

For the same reason as stated in note 20, the notes receivable from affiliated companies are classified as financial assets at FVOCI (recycling) and stated at fair value. The fair value is within level 2 of the fair value hierarchy.

29. CONNECTED AND RELATED PARTY TRANSACTIONS (Cont'd)

(e) As at 30th June, 2021, the amounts due from affiliated companies consisted of:

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Amounts due from related parties:		
– A joint venture	9,692	10,092
– Associates	1,592,633	1,292,694
– An affiliated company of Shenhua Holdings	68	32
– Huachen and its affiliated companies	660,075	238,135
– Xinhua Investment	368,567	367,905
– Non-controlling interest of a subsidiary	7,158	5,766
– A company with a common management personnel of a subsidiary of the Group	404,000	1,600,000
	<b>3,042,193</b>	3,514,624
Less: ECL allowance	<b>(2,625,288)</b>	(1,471,233)
	<b>416,905</b>	2,043,391

RMB368,567,000 (As at 31st December, 2020: RMB367,905,000) due from Xinhua Investment, a shareholder of Xinchin China Power Holdings Limited, an associate of the Group, is secured by all its assets, interest-bearing at 3% per annum on the principal and repayable in August 2021.

Included in amounts due from associates are unsecured, interest-bearing and interest-free advances of RMB668,000,000 and RMB190,000,000, respectively (At 31st December, 2020: interest-bearing advances of RMB858,000,000), to Shenyang ChenFa Automobile Component Co., Ltd. ("ChenFa") and RMB640,000,000 (At 31st December, 2020: RMB340,000,000) due from Brilliance Power, representing the Group's pledged short-term deposits deducted by Shengjing Bank for Brilliance Power's failure of repayment for the issue of bank guaranteed notes.

During the year ended 31st December, 2020, Xing Yuan Dong made a payment of RMB1,600 million to a related company with a common management personnel of a subsidiary of the Group (the "Related Company"). On 31st December, 2020, SJAI received RMB1,600 million. RMB1,600 million paid and received by the Group were recorded as amount due from an affiliated company and amount due to an affiliated company (note 29(i)), respectively, at 31st December, 2020. Both amounts were settled on 5th February, 2021.

The details of the amounts due from ChenFa are as follows:

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing at 5.10% per annum and repayable on 12th May, 2021 (As at 31st December, 2020: 12th May, 2021)	68,000	68,000
Interest-bearing at 4.35% per annum and repayable on 11th March, 2021 as at 31st December, 2020	–	190,000
Interest-bearing at 8.10% per annum and repayable on 6th March, 2021 (As at 31st December, 2020: repayable on 6th March, 2021)	600,000	600,000
Interest-free	190,000	–
	<b>858,000</b>	858,000

29. **CONNECTED AND RELATED PARTY TRANSACTIONS (Cont'd)**

(e) (Cont'd)

Provision of ECL allowance was made for the full amount of due from ChenFa.

During the first six months ended 30th June, 2021, the Group advanced RMB404,000,000 to a company with common senior management of a Group's subsidiary. The amount due is unsecured and interest-free. As the amount is expected not to be recoverable and considered credit-impaired in stage 3 and full ECL allowance is provided for.

Except for the amounts due from Xinhua Investment and ChenFa mentioned above, the other amounts due from affiliated companies are unsecured, interest-free and repayable on demand.

(f) As at 30th June, 2021, dividend receivable from an affiliated company represents dividend receivable from an associate of the Group (2020: same).

(g) As at 30th June, 2021, accounts payable to affiliated companies arising from trading activities consisted of the following:

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2021	2020
	RMB'000	RMB'000
Accounts payable to related parties:		
– Associates	128,595	115,283
– A joint venture	40	441
– Huachen and its affiliated companies	193,762	337,672
– An affiliated company of BHL	364	364
– Shenhua Holdings and its affiliated companies	4,216	2,552
– An affiliated company of a shareholder of a joint venture	–	3
	<hr/>	<hr/>
	<b>326,977</b>	456,315

The accounts payable to affiliated companies are unsecured and interest-free. Accounts payable to affiliated companies are generally settled on a monthly basis at 25% to 33% of the previous month's ending balance. The aging analysis of accounts payable to affiliated companies based on invoice date is as follows:

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2021	2020
	RMB'000	RMB'000
Less than six months	211,092	219,531
Six months to one year	45,971	79,715
Above one year but less than two years	21,356	115,257
Two years or above	48,558	41,812
	<hr/>	<hr/>
	<b>326,977</b>	456,315

(h) As at 30th June, 2021, the Group's notes payable to affiliated companies arising from trading activities represents the notes payable to affiliated companies of Huachen.



29. **CONNECTED AND RELATED PARTY TRANSACTIONS (Cont'd)**

- (i) As at 30th June, 2021, amounts due to affiliated companies consisted of the following:

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Amounts due to related parties:		
– An associate	5,432	6,881
– Huachen and its affiliated companies	52,524	344,390
– Affiliated companies of BHL	27,931	28,015
– Affiliated companies of Shenhua Holdings	1,952	5,296
– A company with common management personal of a subsidiary of the Group	–	1,600,000
– Non-controlling interests of subsidiaries	25,103	143,266
	<b>112,942</b>	<b>2,127,848</b>

Amounts due to affiliated companies are unsecured, interest-free and repayable on demand.

- (j) As at 30th June, 2021, lease liabilities due to Huachen is approximately RMB42,946,000 (*As at 31st December, 2020: RMB43,788,000*).
- (k) Compensation benefits to key management personnel are as follows:

	(Unaudited)	
	For the six months ended	
	30th June,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Short-term employee benefits	12,387	13,120

- (l) Transactions and balances with other state-owned enterprises in the PRC

The Group operates in an economic environment predominated by government-related entities. During the period under review, the Group had entered into various transactions with government-related entities including, but not limited to, sales of minibuses, MPVs and automotive components, purchases of raw materials and automotive components, and utilities services.

The directors consider that transactions with other government-related entities are activities in the ordinary course of the Group's business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and other government-related entities are ultimately controlled or owned by the PRC Government. The Group has established pricing policies for its products and services, and such pricing policies do not depend on whether or not the customers are government-related entities. Having due regard to the substance of the relationships, the directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure except for the transactions with government-related entities as disclosed above and majority parts of bank balances, short-term and pledged short-term deposits with and bank borrowings, general banking facilities and utilities services from state-owned financial institutions. Thus, the Company adopts HKAS 24 which grants exemption on disclosure requirements about government-related entities. The directors are of the opinion that such transactions were conducted in the ordinary course of business and in accordance with normal commercial terms.

30. COMMITMENTS

(a) Capital commitments

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Contracted but not provided for:		
– Construction projects	104,110	103,279
– Acquisition of plant and machinery	424,398	437,618
– Others	329,181	355,480
	<u>857,689</u>	<u>896,377</u>

(b) Operating lease commitments

*As lessee*

As at 30th June, 2021, the lease commitments for short-term leases are as follows:

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	319	1,292
In the second to fifth years inclusive	–	–
	<u>319</u>	<u>1,292</u>

*As lessor*

As at 30th June, 2021, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of land use rights as follows:

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	3,581	4,410
In the second to fifth years inclusive	6,631	8,823
Over five years	1,421	1,421
	<u>11,633</u>	<u>14,654</u>

### 31. CONTINGENT LIABILITIES

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

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

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

### 32. MATERIAL SUBSEQUENT EVENT

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

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

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

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

## MANAGEMENT'S DISCUSSION & ANALYSIS

### Business Discussion and Analysis

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

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

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

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

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

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

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

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

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

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

<b>BBA BMW Models</b>	<b>1H2021 (Units)</b>	<b>1H2020 (Units)</b>	<b>% Change</b>
1-series sedan	19,530	16,948	15.2%
2-series active tourer	–	15	-100%
3-series	101,025	64,973	55.5%
5-series	87,405	70,095	24.7%
X1	53,330	41,690	27.9%
X2	12,014	11,245	6.8%
X3	81,325	57,046	42.6%
<b>Total BMW vehicles</b>	<b>354,629</b>	<b>262,012</b>	<b>35.3%</b>
Of which BEVs	7,887	0	n/a

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

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

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

## **Prospects**

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

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

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

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

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

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

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

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

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

## Liquidity and Financial Resources

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

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

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

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

As at 30th June, 2021, all long-term bank borrowings were due within one year, being repayable from 20th July, 2021 to 13th May, 2022 (*As at 31st December, 2020: repayable from 20th January, 2021 to 1st December, 2021*). As at 30th June, 2021, all long-term bank borrowings were interest-bearing at rates ranging from 4.10% to 5.23% per annum (*As at 31st December, 2020: 4.10% to 5.23% per annum*), and were denominated in Renminbi (*As at 31st December, 2020: Renminbi*).

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

## Capital Structure and Funding Policies

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



As at 30th June, 2021, 90.8% (*As at 31st December, 2020: 91.1%*) of the Group's cash and cash equivalents (comprising cash on hand, bank balances and demand deposits within 3 months of maturity when acquired) were denominated in Renminbi, whereas 1.4% (*As at 31st December, 2020: 2.6%*) were denominated in U.S. Dollar. The remaining balance of 7.8% (*As at 31st December, 2020: 6.3%*) were denominated in other currencies. Apart from the borrowings, banking facilities were in place for contingency purposes. As at 30th June, 2021, the Group's total available banking facilities for its daily operations amounted to RMB259.9 million (*As at 31st December, 2020: RMB961.8 million*) without any committed banking facilities.

The Group funds its short-term working capital requirement mainly through its own operational cash flow, short-term bank borrowings, issue of bank guaranteed notes and payment credit from its suppliers. The Group monitors and maintains a level of cash and cash equivalents considered adequate by the management to finance the Group's operations, expected expansion and product developments. Management also monitors the utilization of bank borrowings and ensures compliance with loan covenants. For long-term capital expenditures, the Group's strategy is to fund these long-term capital commitments by a combination of operational cash flow, bank borrowings, dividends from joint ventures and associates, if any, and fund raising exercises in the capital market, if and when necessary.

### **Capital Expenditures and Commitments**

For the first six months of 2021, the Group incurred capital expenditures of RMB150.5 million (*Six months ended 30th June, 2020: RMB299.0 million*) mainly for acquisition of both owned and right-of-use assets of tools and moulds, machinery and equipment, and development costs for minibuses and MPVs as well as specialised software.

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

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

There were no significant investments held, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30th June, 2021.

### **New Business and New Products**

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

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

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

The Group employed approximately 4,584 employees as at 30th June, 2021 (*As at 30th June, 2020: 5,390*). Employee costs amounted to RMB270.5 million for the six months ended 30th June, 2021 (*Six months ended 30th June, 2020: RMB320.0 million*). The Group will endeavour to ensure that the salary levels of its employees are in line with industry practices and prevailing market conditions, and that employees' remuneration is based on performance.

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

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

## **Charge on Assets**

As at 30th June, 2021, short-term bank borrowings of RMB1,648.7 million (*As at 31st December, 2020: RMB2,242.7 million*) were secured by the Group's land lease prepayments with a net book value of approximately RMB2.0 million (*As at 31st December, 2020: approximately RMB2.1 million*), buildings, tools and moulds, machinery and equipment and construction-in-progress with an aggregate net book values of approximately RMB111.0 million (*As at 31st December, 2020, approximately RMB111.1 million*), and loan receivables of RMB2,092.4 million (*As at 31st December, 2020: RMB2,957.8 million*).

As at 30th June, 2021, long-term bank borrowings of RMB529.9 million (*As at 31st December, 2020: RMB598.2 million*) were secured by the Group's land lease prepayments with a net book value of approximately RMB29.1 million (*As at 31st December, 2020: approximately RMB29.4 million*) and buildings, plant and equipment with an aggregate net book value of approximately RMB25.7 million (*As at 31st December, 2020: approximately RMB52.3 million*), and loan receivables of RMB965.5 million (*As at 31st December, 2020: RMB1,059.1 million*).

In addition, as at 30th June, 2021, the Group pledged short-term bank deposits in an aggregate amount of RMB1,361.1 million for the following purposes (*As at 31st December, 2020: RMB2,476.8 million*): (a) RMB1,147.0 million for issue of bank guaranteed notes (*As at 31st December, 2020: RMB2,262.7 million*); and (b) RMB214.1 million (*As at 31st December, 2020: RMB214.1 million*) to secure bank loans granted to a third party. For details, please refer to note 18 of this report.

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

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

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

### **Gearing Ratio**

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

### **Foreign Exchange Risks**

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

### **Contingent Liabilities**

Details of the contingent liabilities are set out in note 31 of this report.

## DIVIDENDS

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

## UPDATE ON DIRECTORS' INFORMATION

There have not been any change in information of the directors of the Company since the date of the 2020 annual report and up to the date of this report (i.e. 29th July, 2022), that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30th June, 2021, so far as is known to the directors or chief executives of the Company, the following persons other than a director or chief executive of the Company had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"):

Name of shareholders	Long position	%	Number and class of shares held/ Approximate shareholding percentage (Note 1)			
			Short position	%	Lending pool	%
Baillie Gifford & Co (Note 2)	505,060,000 ordinary	10.01	-	-	-	-
Citigroup Inc. (Note 3)	261,385,781 ordinary	5.18	9,763,992	0.19	247,608,742	4.90
Huachen (Note 4)	1,535,074,988 ordinary	30.43	-	-	-	-
J.P. Morgan Chase & Co. (Note 5)	252,737,413 ordinary	5.00	15,894,015	0.31	210,968,380	4.18
Liaoning Provincial Transportation Investment Group Co. Ltd. ("LPTI") (Note 6)	600,000,000 ordinary	11.89	-	-	-	-
Liaoning Transportation Investment Co., Ltd. ("LTI") (Note 6)	600,000,000 ordinary	11.89	-	-	-	-
Liaoning Xinrui Automotive Industry Development Co., Ltd. ("Liaoning Xinrui") (Note 4)	1,535,074,988 ordinary	30.43	-	-	-	-

*Notes:*

- (1) The percentage of shareholding is calculated on the basis of 5,045,269,388 shares in issue of the Company as at 30th June, 2021.
- (2) The 505,060,000 shares in long position were held as to 100,236,000 shares in the capacity as investment manager and as to 404,824,000 shares as corporate interest.
- (3) The 261,385,781 shares in long position were held as to 2,551,946 shares as security interest, as to 11,225,093 shares as corporate interest and as to 247,608,742 shares in the capacity as approved lending agent. The 9,763,992 shares in short position were held as corporate interest.
- (4) According to the disclosure of interest notice filed by Huachen on 5th November, 2020, Liaoning Xinrui held direct interest in 1,535,074,988 shares and is a wholly-owned subsidiary of Huachen. Therefore, Huachen is deemed to be interested in the interest of Liaoning Xinrui in the Company by virtue of the SFO. The 1,535,074,988 shares in long position were held by Huachen in the capacity as corporate interest, and by Liaoning Xinrui in the capacity as beneficial owner.
- (5) The 252,737,413 shares in long position were held as to 25,285,893 shares as corporate interest, as to 16,474,000 shares in the capacity as investment manager, as to 9,140 shares as security interest, and as to 210,968,380 shares in the capacity as approved lending agent. The 15,894,015 shares in short position were held as corporate interest.
- (6) According to the disclosure of interest notice filed by LPTI on 9th July, 2020, LTI held direct interest in 600,000,000 shares and is owned as to 83.68% by LPTI. Therefore, LPTI is deemed to be interested in the interest of LTI in the Company by virtue of the SFO. The 600,000,000 shares in long position were held by LPTI in the capacity as corporate interest, and by LTI in the capacity as beneficial owner.

Save as disclosed herein, as at 30th June, 2021, there was no other person so far as is known to the directors or chief executives of the Company, other than a director or chief executive of the Company, as having an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30th June, 2021, the interests and short positions of each director, chief executive and their respective close associates in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the SEHK, are set out below:

### The Company

Name of directors/ chief executives	Type of interests	Number and class of shares held/ Approximate shareholding percentage (Note)				Number of share options granted (Percentage of the Company's issued share capital)
		Long position	%	Short position	%	
Mr. Wu Xiao An (also known as Mr. Ng Siu On)	Personal	6,200,000 ordinary	0.12	-	-	-

Note: The percentage of shareholding is calculated on the basis of 5,045,269,388 shares in issue of the Company as at 30th June, 2021.

### Associated Corporation of the Company

Name of director/ chief executive	Name of associated corporation	Type of interests	Number and class of shares held/ Approximate shareholding percentage (Note 1)			
			Long position	%	Short position	%
Mr. Wu Xiao An	Power Xinchen	Trustee and interest in a controlled corporation (Note 2)	33,993,385 ordinary	2.65	-	-
		Beneficial owner (in shares) (Note 3)	8,320,041 ordinary	0.65	-	-

*Notes:*

1. The percentage of shareholding is calculated on the basis of 1,282,211,794 shares in issue of Power Xinchen as at 30th June, 2021.
2. As at 30th June, 2021, Power Xinchen was indirectly held as to approximately 31.20% by the Company. The 33,993,385 shares in long position are interests of a discretionary trust under an incentive scheme of Power Xinchen. The said trust held 33,993,385 shares of Power Xinchen. Mr. Wu Xiao An is one of the trustees of the aforementioned trust. Mr. Wu also held 50% interests in Lead In Management Limited which is also a trustee of the said trust. Accordingly, Mr. Wu was deemed or taken to be interested in the 33,993,385 shares of Power Xinchen, representing approximately 2.65% of its issued share capital as at 30th June, 2021.
3. Mr. Wu Xiao An held 8,320,041 shares of Power Xinchen in the capacity of beneficial owner, representing approximately 0.65% of its issued share capital as at 30th June, 2021.

Save as disclosed above, as at 30th June, 2021, none of the directors, chief executives of the Company or their respective close associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered into the register referred to therein; or were required pursuant to the Model Code to be notified to the Company and the SEHK.

## SHARE OPTIONS

To provide appropriate incentives or rewards to eligible persons for their contributions or potential contributions to the Group or any entity in which the Group holds any equity interest (the “**Invested Entity**”), the Board considers that it is in the interests of the Company to adopt a new share option scheme. At the annual general meeting held on 4th June, 2019, shareholders of the Company adopted a share option scheme (the “**Share Option Scheme**”).

The Share Option Scheme came into effect on 5th June, 2019 and will remain in force for a period of 10 years till 4th June, 2029 (inclusive). The period during which an option may be exercised will be determined by the directors at their absolute discretion, save that no option shall be exercised later than 10 years from the date of grant. A consideration of HK\$1 is payable on acceptance of the offer of grant of a share option.

The maximum number of shares which may be issued pursuant to the Share Option Scheme and any other option schemes (if any) is 504,526,938 shares, representing approximately 10% of the total number of issued shares as at the date of this report. The total number of shares issued and which may fall to be issued upon exercise of the share options granted under the Share Option Scheme and any other share option scheme of the Company (including both exercised or outstanding share options) to each participant in any 12-month period shall not exceed 1 per cent. of the issued share capital of the Company for the time being (the “**Individual Limit**”). Any further grant of share options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant, shall be subject to the issue of a circular to the Shareholders and the Shareholders’ approval in general meeting of the Company with such participant and his or her close associates (or his or her associates if the participant is a connected person) abstaining from voting.

As at 30th June, 2021, there was no outstanding share option under the Share Option Scheme.

During the six months ended 30th June, 2021:

- (a) no share options under the Share Option Scheme have been granted, exercised, lapsed or cancelled;
- (b) no share options under the Share Option Scheme have been granted to any associates of the directors, chief executive or substantial shareholders of the Company;
- (c) there is no participant with options granted in excess of the individual limit; and
- (d) no share options under the Share Option Scheme have been granted to any supplier of goods or services to any member of the Group or any Invested Entity.

As no share options have been granted by the Company under the Share Option Scheme for the six months ended 30th June, 2021, no expenses were recognised by the Group for the period under review (*Six months ended 30th June, 2020: nil*).

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June, 2021.

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

Maintaining an effective corporate governance framework is one of the priorities of the Company. The Company has complied with the code provisions set out in "Corporate Governance Code" contained in Appendix 14 to the Listing Rules and in effect in the six months ended 30th June, 2021 (the "**CG Code**"). Throughout the six months ended 30th June, 2021, the Group has complied with all code provisions in the CG Code except for the followings:

- Under the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors. As announced by the Company, Mr. Xu Bingjin, an independent non-executive director of the Company, passed away on 25th February, 2021 and Mr. Dong Yang was appointed as an independent non-executive director with effect from 21st May, 2021 to fill this vacancy. Except the aforesaid, throughout the first half of 2021, the number of independent non-executive directors has fulfilled the minimum requirement of the Listing Rules.
- Due to the delay in the publication of the 2020 annual results, the Company is unable to provide accurate monthly updates of the Company to all members of the board of directors of the Company pursuant to code provision C.1.2 of the CG Code.



## **REVIEW OF FINANCIAL STATEMENTS**

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the unaudited consolidated interim financial statements of the Group for the six months ended 30th June, 2021.

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

## **INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to appointment of sufficient number of independent non-executive directors and at least an independent non-executive director with appropriate professional qualifications, or accounting or related financial management expertise. At present, the Board comprises three independent non-executive directors, representing at least one-third of the Board and one of whom has accounting expertise.

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

The Company has adopted 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 six months ended 30th June, 2021.

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

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

### a) **Restructuring of Huachen**

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

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

- (i) Trading in the shares of the Company on the SEHK has been suspended since 31st March, 2021, and remains suspended as at the date of this report.
- (ii) On 23rd April, 2021, RSM Consulting (Hong Kong) Limited (“**RSM**”), an independent third party investigator, was engaged to conduct an independent investigation (the “**Independent Investigation**”) into the guarantees provided by SJAI, an indirect wholly-owned subsidiary of the Company, in favour of a number of banks in the PRC to secure loans to Huachen in the accumulated sum of RMB5,898,000,000 (the “**Unauthorised Guarantees**”) and deposit pledges provided by SJAI to banks in the PRC as security for the issue of bank acceptance notes (also referred to as bank guaranteed notes in the consolidated financial statement issued by the auditors of the Company in this report) to Huachen and as security for bank financing to Brilliance Power and/or Huayixin, in the accumulated sum of RMB4,005,900,000 (the “**Deposit Pledges**”) and produce a report of findings on the Independent Investigation to the independent board committee of the Company comprising of all independent non-executive directors of the Company (the “**Independent Board Committee**”). RSM issued a report on the Independent Investigation on 12th November, 2021. Details of the key findings of the Independent Investigation are set out in the Company’s announcement dated 16th November, 2021.
- (iii) On 27th May, 2021, the Company received a letter from the SEHK stating that the Listing Committee of the SEHK may cancel the Company’s listing under Rule 6.01A(1) of the Listing Rules if the Company fails to remedy the issues causing its trading suspension, fulfil the resumption guidance, and fully comply with the Listing Rules to the SEHK’s satisfaction and resume trading in its shares by 30th September, 2022. In such case, the Listing Division of the SEHK will recommend the Listing Committee of the SEHK to proceed with the cancellation of the Company’s listing. For further details, please refer to the Company’s announcement dated 31st May, 2021.
- (iv) On 9th February, 2022, the Company received additional resumption guidance from the SEHK. For further details, please refer to the Company’s announcement dated 14th February, 2022.
- (v) On 15th March, 2022, RSM Corporate Advisory (Hong Kong) Limited (“**RSMCA**”), an independent third party investigator, was engaged to conduct an independent forensic investigation with a view to identifying all unauthorised financial assistance made by the Group since 2019 (the “**Independent Forensic Investigation**”) and produce a report of findings on the Independent Forensic Investigation to the Independent Board Committee.

c) **Restructuring of RBJAC**

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

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

On 11th February, 2022, BBA has received the new business license from the Shenyang Dadong Administration for Market Supervision, effective as of 11th February, 2022, evidencing BMW Holding B.V. ("**BMW**") as holder of the 25% equity interest in BBA originally held by SJAI. On 18th February, 2022, completion of the disposal of the said 25% equity interest in BBA by SJAI to BMW (the "**Disposal**") had taken place. The total amount of the consideration in the sum of RMB27,941,146,575.34 had been received by SJAI on 18th February, 2022. Following completion of the Disposal, the Company continues to indirectly hold 25% equity interest in BBA, which is an associate of the Company, and its financial results will continue to be equity accounted for in the financial statements of the Group. For further details, please refer to the Company's announcement dated 11th February, 2022.

e) **Litigations against the Group**

- (i) 中國光大銀行股份有限公司瀋陽分行(China Everbright Bank Co., Ltd. (Shenyang Branch)) ("**China Everbright Bank**") has brought a claim against SJAI in the sum of approximately RMB1,818 million (inclusive of interests accrued, legal costs and other costs and expenses) (the "**CEB RMB1,818 million Proceeding**"). The CEB RMB1,818 million Proceeding was heard by the Shenyang Intermediate People's Court on 17th June, 2021. On 3rd December, 2021, the Shenyang Intermediate People's Court issued its judgment in relation to the CEB RMB1,818 million Proceeding (the "**CEB RMB1,818 million Proceeding Trial Judgment**"). The CEB RMB1,818 million Proceeding Trial Judgment stipulates that SJAI shall (i) repay China Everbright Bank 50% of the principal of the loan together with interest in the amount of RMB1,817,198,869.16; and (ii) be liable for 50% of the case acceptance fee. China Everbright Bank has filed an appeal to the Liaoning High People's Court (遼寧省高級人民法院) in relation to the CEB RMB1,818 million Proceeding Trial Judgment.

- (ii) China Everbright Bank has brought a claim against SJAI and 華晨汽車(鐵嶺)專用車有限公司(Huachen Automotive (Tieling) Special Purpose Vehicle Co., Ltd.) (“**Huachen Tieling**”), an associate of Huachen, in the sum of approximately RMB30 million (inclusive of interests accrued, legal costs and other costs and expenses) (the “**CEB RMB30 million Proceeding**”). The CEB RMB30 million Proceeding was heard by the Shenyang Intermediate People’s Court on 15th July, 2021. On 11th March, 2022, the Shenyang Intermediate People’s Court issued its judgment in relation to the CEB RMB30 million Proceeding (the “**CEB RMB30 million Proceeding Trial Judgment**”). The CEB RMB30 million Proceeding Trial Judgment stipulates that (1) Huachen Tieling shall (i) repay China Everbright Bank the principal of the loan in the amount of RMB29,543,496.84, interest accrued up to the date of repayment (as of 19th April, 2021, the total accrued interest amounted to RMB488,132.43) calculated in accordance with the terms of the loan agreement and legal fees of China Everbright Bank in the amount of RMB100,000 (together the “**CEB RMB30 million Repayment Order**”); and (ii) be liable for the case acceptance fee, and 50% of the preservation fee; and (2) SJAI shall be liable for (i) 50% of such amount of the CEB RMB30 million Repayment Order which cannot be discharged by Huachen Tieling; (ii) up to 50% of the case acceptance fee subject to the extent discharged by Huachen Tieling; and (iii) 50% of the preservation fee. At the request of China Everbright Bank, the Shenyang Intermediate People’s Court had also simultaneously issued a court order on 11th March, 2022 for the seizure of assets of Huachen Tieling and SJAI with the aggregate value of RMB30,131,629.27 (the “**CEB RMB30 million Seizure Order**”) as preservation for the CEB RMB30 million Repayment Order.
- (iii) China Everbright Bank has brought a claim against SJAI in the sum of approximately RMB156 million (inclusive of interests accrued, legal costs and other costs and expenses) (the “**CEB RMB156 million Proceeding**”). The CEB RMB156 million Proceeding was heard by the Shenyang Intermediate People’s Court on 27th August, 2021. On 8th December, 2021, the Shenyang Intermediate People’s Court issued its judgment in relation to the CEB RMB156 million Proceeding (the “**CEB RMB156 million Proceeding Trial Judgment**”). The CEB RMB156 million Proceeding Trial Judgment stipulates that SJAI shall (i) repay China Everbright Bank 50% of the principal of the loan together with interest in the amount of RMB155,602,540.41; and (ii) be liable for 50% of the case acceptance fee. China Everbright Bank has filed an appeal to the Liaoning High People’s Court in relation to the CEB RMB156 million Proceeding Trial Judgment.
- (iv) China Everbright Bank has brought a claim against SJAI in the sum of approximately RMB208 million (inclusive of interests accrued, legal costs and other costs and expenses) (the “**CEB RMB208 million Proceeding**”). The CEB RMB208 million Proceeding was heard by the Shenyang Intermediate People’s Court on 8th October, 2021. On 28th February, 2022, the Shenyang Intermediate People’s Court issued its judgment in relation to the CEB RMB208 million Proceeding (the “**CEB RMB208 million Proceeding Trial Judgment**”). The CEB RMB208 million Proceeding Trial Judgment stipulates that SJAI shall (i) repay China Everbright Bank 50% of the principal of the loan together with interest in the amount of RMB205,901,500.01; and (ii) be liable for 50% of the case acceptance fee, and the preservation fee in the amount of RMB5,000.

- (v) China Everbright Bank has brought a claim against SJAI in the sum of approximately RMB490 million (the “**CEB RMB490 million Proceeding**”). The CEB RMB490 million Proceeding was heard by the Shenyang Intermediate People’s Court on 22nd July, 2021. On 25th November, 2021, the Shenyang Intermediate People’s Court issued its judgment in relation to the CEB RMB490 million Proceeding (the “**CEB RMB490 million Proceeding Trial Judgment**”). The CEB RMB490 million Proceeding Trial Judgment stipulates that (1) according to the CEB RMB490 million Proceeding Trial Judgment, the subject loan under the CEB RMB490 million Proceeding was drawn by the defendant, as borrower (the “**CEB RMB490 million Proceeding Defendant**”), which was a group company of Huachen at the material time, and which shall (i) repay China Everbright Bank the principal of the loan in the amount of RMB493,272,918.78, interest accrued up to the date of repayment (as of 5th July, 2020, the total accrued interest amounted to RMB1,218,669.92) calculated in accordance with the terms of the loan agreement and legal fees of China Everbright Bank in the amount of RMB90,000 (together the “**RMB490 million Repayment Order**”); and (ii) be liable for the case acceptance fee and the preservation fee; and (2) SJAI shall be liable for (i) 50% of such amount of the RMB490 million Repayment Order which cannot be discharged by the CEB RMB490 million Proceeding Defendant; (ii) up to 50% of the case acceptance fee subject to the extent discharged by the CEB RMB490 million Proceeding Defendant and a group company of Huachen as guarantor; and (iii) the preservation fee. China Everbright Bank has filed an appeal to the Liaoning High People’s Court in relation to the CEB RMB490 million Proceeding Trial Judgment.
- (vi) At the request of China Everbright Bank, a court order has been issued by the Shenyang Intermediate People’s Court to freeze deposits of SJAI deposited with Industrial Bank Co., Ltd. Shenyang Branch (興業銀行股份有限公司瀋陽分行) (“**Industrial Bank**”) in the aggregate amount of RMB2,212,646,915.77 (collectively, the “**CEB Freezing Orders**”) in relation to the CEB RMB1,818 million Proceeding Trial Judgment, the CEB RMB156 million Proceeding Trial Judgment, the CEB RMB208 million Proceeding Trial Judgment and the CEB RMB30 million Proceeding Trial Judgment. As a result of the CEB Freezing Orders, an aggregate amount of RMB2,212,646,915.77 had been frozen by Industrial Bank for a period of 12 months (with commencement dates ranging from 25th February, 2022, 4th March, 2022 and 17th March, 2022) or until the respective CEB Freezing Orders have been discharged.

- (vii) 哈爾濱銀行股份有限公司瀋陽分行(Harbin Bank Co., Ltd. (Shenyang Branch)) (“**Harbin Bank**”) has brought a claim against SJAI in the sum of RMB300 million (the “**Harbin Bank RMB300 million Proceeding**”). The Harbin Bank RMB300 million Proceeding was heard by the Shenyang Intermediate People’s Court on 26th April, 2021. On 25th November, 2021, the Shenyang Intermediate People’s Court issued its judgment in relation to the Harbin Bank RMB300 million Proceeding (the “**Harbin Bank RMB300 million Proceeding Trial Judgment**”). The Harbin Bank RMB300 million Proceeding Trial Judgment stipulates that (1) Huachen shall (i) repay Harbin Bank the RMB300 million loan (the “**RMB300 million Repayment Order**”); and (ii) be liable for the case acceptance fee and the preservation fee; and (2) SJAI shall be liable for (i) 50% of such amount of the RMB300 million Repayment Order which cannot be discharged by Huachen; (ii) up to 50% of the case acceptance fee subject to the extent discharged by Huachen and the two group companies of Huachen as guarantors; and (iii) the preservation fee. Harbin Bank has filed an appeal to the Liaoning High People’s Court in relation to the Harbin Bank RMB300 million Proceeding Trial Judgment. At the request of Harbin Bank, a court order has been issued by the Shenyang Intermediate People’s Court to freeze bank deposits of SJAI deposited with Shengjing Bank Co., Ltd. in the amount of approximately RMB301 million or assets of equivalent value.
- (viii) 中國進出口銀行遼寧省分行(The Export-Import Bank of China (Liaoning Province Branch)) (“**Export-Import Bank**”) has brought a claim against SJAI in the sum of approximately RMB612 million (the “**EIB Proceeding**”). The EIB Proceeding was heard by the Shenyang Intermediate People’s Court on 26th July, 2021. On 7th December, 2021, the Shenyang Intermediate People’s Court issued its judgment in relation to the EIB Proceeding (the “**EIB Proceeding Trial Judgment**”). The EIB Proceeding Trial Judgment stipulates that SJAI shall (i) repay Export-Import Bank 50% of the principal of the loan together with interest in the amount of RMB612,435,515.74; and (ii) be liable for 50% of the case acceptance fee. Export-Import Bank has filed an appeal to the Liaoning High People’s Court in relation to the EIB Proceeding Trial Judgment. At the request of Export-Import Bank, a court order has been issued by the Shenyang Intermediate People’s Court to freeze deposits of SJAI deposited with Industrial Bank in the aggregate amount of RMB612,429,822.69 (the “**Export-Import Bank Freezing Order**”). As a result of the Export-Import Bank Freezing Order, an amount of RMB612,429,822.69 had been frozen by Industrial Bank from 1st July, 2022 for a period of 12 months or until the Export-Import Freezing Order has been discharged.
- (ix) 華夏銀行股份有限公司瀋陽和平支行(Huaxia Bank Co., Ltd. (Shenyang Heping Branch)) (“**Huaxia Bank**”) has brought a claim against SJAI in the sum of approximately RMB69 million (inclusive of interests accrued, legal costs and other costs and expenses) (the “**Huaxia Bank RMB69 million Proceeding**”). The Huaxia Bank RMB69 million Proceeding was heard by the Shenyang Intermediate People’s Court on 4th March, 2022. At the request of Huaxia Bank, a court order has been issued by the Shenyang Intermediate People’s Court to freeze deposits of SJAI deposited with Industrial Bank in the aggregate amount of RMB199,619,271.44 (the “**Huaxia Bank Freezing Order**”). As a result of the Huaxia Bank Freezing Order, an amount of RMB199,619,271.44 had been frozen by Industrial Bank from 22nd February, 2022 for a period of 12 months or until the Huaxia Bank Freezing Order has been discharged.

- (x) Huaxia Bank has brought a claim against SJAI in the sum of approximately RMB130 million (inclusive of interests accrued, legal costs and other costs and expenses) (the “**Huaxia Bank RMB130 million Proceeding**”). The Huaxia Bank RMB130 million Proceeding was heard by the Shenyang Intermediate People’s Court on 19th July, 2022.

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

## **UNAUTHORISED GUARANTEES AND CERTAIN DEPOSIT PLEDGES TO HUACHEN AND ITS SUBSIDIARIES**

As disclosed in the Company’s announcement dated 16th November, 2021 on findings of the Independent Investigation, it was revealed that the Group has provided the Unauthorised Guarantees and certain of the Deposit Pledges to Huachen and its subsidiaries. Huachen, through its wholly-owned subsidiary, Liaoning Xinrui, is interested in 1,535,074,988 shares (representing approximately 30.43% of the entire issued share capital of the Company). Accordingly, Huachen is a connected person of the Company under Chapter 14A of the Listing Rules and the provision of the Unauthorised Guarantees and certain of the Deposit Pledges would have constituted a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and be subject to the reporting, announcement, annual review, circular (including independent financial advice) and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As the Independent Forensic Investigation is still ongoing, an announcement in relation to the Unauthorised Guarantees and such Deposit Pledges provided to Huachen and its subsidiaries in accordance with Chapter 14 and 14A of the Listing Rules will be published in due course to re-comply with the Listing Rules.

## **BOARD OF DIRECTORS**

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

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

Hong Kong, 29th July, 2022