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Brilliance Auto

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BRILLIANCE CHINA AUTOMOTIVE HOLDINGS LIMITED

(華晨中國汽車控股有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1114)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2012

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, 2012. The unaudited consolidated interim financial statements have been reviewed by the audit committee of the Board.

CONDENSED CONSOLIDATED INCOME STATEMENT (Expressed in thousands of RMB except for per share amounts)

		(Unaudited)	
		For the six months ended	
		30th June,	
		2012	2011
	Note	RMB'000	RMB'000
Revenue	4	2,810,302	3,167,327
Cost of sales		(2,449,006)	(2,710,864)
Gross profit		361,296	456,463
Other income		18,770	5,948
Selling expenses		(200,869)	(173,755)
General and administrative expenses		(169,382)	(137,247)
Interest income		36,840	32,884
Finance costs, net		(101,813)	(95,471)
Share of results of:			
Associates		61,674	51,437
Jointly controlled entities		1,374,637	897,851
Profit before income tax expense	5	1,381,153	1,038,110
Income tax expense	6	(52,739)	(10,662)
Profit for the period		1,328,414	1,027,448
Attributable to:			
Equity holders of the Company		1,332,316	941,256
Non-controlling interests		(3,902)	86,192
		1,328,414	1,027,448
Dividends		—	—
Earnings per share	7		
– Basic		RMB0.26532	RMB0.18846
– Diluted		RMB0.26406	RMB0.18665

* For identification purposes only

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited)	
	For the six months ended	
	30th June,	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	<u>1,328,414</u>	<u>1,027,448</u>
Other comprehensive (loss) income		
Change in fair value of available-for-sale financial assets	6,294	(5,679)
Share of comprehensive (loss) income of a jointly controlled entity	<u>(31,832)</u>	<u>287,905</u>
Other comprehensive (loss) income, net of tax	<u>(25,538)</u>	<u>282,226</u>
Total comprehensive income for the period	<u>1,302,876</u>	<u>1,309,674</u>
Total comprehensive income, net of tax, attributable to:		
Equity holders of the Company	1,306,778	1,223,482
Non-controlling interests	<u>(3,902)</u>	<u>86,192</u>
	<u>1,302,876</u>	<u>1,309,674</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) As at 30th June, 2012 RMB'000	(Audited) As at 31st December, 2011 RMB'000
	<i>Note</i>		
Non-current assets			
Intangible assets		196,563	197,524
Property, plant and equipment		1,399,613	1,393,389
Construction-in-progress		307,257	276,347
Land lease prepayments		63,240	63,969
Interests in associates		573,614	592,441
Interests in jointly controlled entities		4,417,312	3,578,079
Prepayments for a long-term investment		600,000	600,000
Available-for-sale financial assets		21,628	15,334
Deferred tax assets		–	50,000
Other non-current assets		11,838	11,947
Total non-current assets		7,591,065	6,779,030
Current assets			
Cash and cash equivalents		1,532,713	585,696
Short-term bank deposits		84,628	99,928
Pledged short-term bank deposits		999,740	1,183,064
Inventories		859,448	737,338
Accounts receivable	8	174,365	101,064
Accounts receivable from affiliated companies		326,375	344,887
Notes receivable		272,956	430,398
Notes receivable from affiliated companies		593,180	541,411
Other receivables		425,927	462,916
Dividends receivable from affiliated companies		156,083	76,173
Prepayments and other current assets		74,852	166,048
Income tax recoverable		180	293
Other taxes recoverable		24,929	17,491
Amounts due from affiliated companies		701,434	818,416
Receivable for disposal of discontinued operations		480,495	466,500
Total current assets		6,707,305	6,031,623
Current liabilities			
Accounts payable	9	1,340,614	1,276,682
Accounts payable to affiliated companies		1,492,624	1,188,856
Notes payable		1,810,854	1,764,354
Notes payable to affiliated companies		12,466	26,090
Receipts in advance from customers		97,583	109,530
Other payables		393,729	547,940
Accrued expenses and other current liabilities		40,299	66,884
Short-term bank borrowings		1,235,560	1,296,630
Income tax payable		32,033	31,716
Other taxes payable		115,719	78,905
Amounts due to affiliated companies		180,112	184,279
Total current liabilities		6,751,593	6,571,866

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

	(Unaudited) As at 30th June, 2012 <i>RMB'000</i>	(Audited) As at 31st December, 2011 <i>RMB'000</i>
Net current liabilities	<u>(44,288)</u>	<u>(540,243)</u>
Total assets less current liabilities	<u>7,546,777</u>	<u>6,238,787</u>
Non-current liabilities		
Deferred government grants	<u>1,400</u>	<u>1,600</u>
Net assets	<u>7,545,377</u>	<u>6,237,187</u>
Capital and reserves		
Share capital	395,877	394,931
Reserves	<u>7,905,517</u>	<u>6,594,371</u>
Total equity attributable to equity holders of the Company	<u>8,301,394</u>	6,989,302
Non-controlling interests	<u>(756,017)</u>	<u>(752,115)</u>
Total equity	<u>7,545,377</u>	<u>6,237,187</u>

NOTES

1. ORGANISATION AND OPERATIONS

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

The principal activities of the Group are set out in note 4 to this results announcement.

The directors of the Company consider that Huachen Automotive Group Holdings Company Limited ("**Huachen**") is the ultimate holding company of the Company.

2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES

These interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (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 interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31st December, 2011, except for the adoption of the new and revised HKFRSs (which include individual HKFRSs, HKASs and interpretations) as disclosed in note 3 to this results announcement.

These interim financial statements are prepared on the basis that the Group is a going concern in view of the net current liabilities as at 30th June, 2012. As the results of the Group continue to improve as shown in the condensed consolidated income statement, management is confident that the Group will continue to generate profits and positive cash flows from its operating activities. Together with the continuing support from the Group's bankers and Huachen, the Group will have sufficient funds for the needs of working capital, investing and financing activities. Accordingly, it is appropriate to prepare these financial statements on a going concern basis.

These interim financial statements are unaudited and do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31st December, 2011.

3. ADOPTION OF NEW OR AMENDED HKFRSs

In the current period, the Group has applied for the first time the new and revised standards, amendments and interpretations (the "**new HKFRSs**") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual financial period beginning on 1st January, 2012.

The adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

The Group has not early adopted the new/revised standards and interpretations that have been issued but not yet effective. The directors of the Company anticipate that the application of the new/revised standards and interpretations will have no material impact on the results and financial position of the Group.

4. SEGMENT INFORMATION

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

The Group has identified the following reportable segments:

- Manufacture and sale of minibuses and automotive components
- Manufacture and sale of BMW sedans

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 segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements, except that certain items are not included in arriving at the operating results of the operating segments (eg. interest income, finance costs, income tax and impairment losses on assets, etc).

4. SEGMENT INFORMATION (Cont'd)

Segment assets include all assets except listed available-for-sale financial assets, prepayments for a long-term investment, advance to a shareholder of a related party and corporate assets which are not directly attributable to the business activities of any operating segment.

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

Revenue, 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, 2012

	(Unaudited)			
	Manufacture and sale of minibuses and automotive components <i>RMB'000</i>	Manufacture and sale of BMW sedans <i>RMB'000</i>	Reconciliation to the Group's condensed income statements <i>RMB'000</i>	Total <i>RMB'000</i>
Segment sales	<u>2,810,302</u>	<u>26,107,509</u>	<u>(26,107,509)</u>	<u>2,810,302</u>
Segment results	41,611	3,537,792	(3,537,792)	41,611
Unallocated costs net of unallocated revenue				(24,781)
Impairment losses on assets				(7,015)
Interest income				36,840
Finance costs, net				(101,813)
Share of results of:				
Associates	61,674	–	–	61,674
Jointly controlled entities	64,114	1,310,523	–	<u>1,374,637</u>
Profit before income tax expense				<u>1,381,153</u>

Revenue, 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, 2011

	(Unaudited)			
	Manufacture and sale of minibuses and automotive components <i>RMB'000</i>	Manufacture and sale of BMW sedans <i>RMB'000</i>	Reconciliation to the Group's condensed income statements <i>RMB'000</i>	Total <i>RMB'000</i>
Segment sales	<u>3,167,327</u>	<u>17,772,216</u>	<u>(17,772,216)</u>	<u>3,167,327</u>
Segment results	208,692	1,732,131	(1,732,131)	208,692
Unallocated costs net of unallocated revenue				(25,090)
Impairment losses on assets				(32,193)
Interest income				32,884
Finance costs, net				(95,471)
Share of results of:				
Associates	51,437	–	–	51,437
Jointly controlled entities	65,574	832,277	–	<u>897,851</u>
Profit before income tax expense				<u>1,038,110</u>

4. SEGMENT INFORMATION (Cont'd)

The assets and liabilities by reportable segments as at 30th June, 2012

	(Unaudited)			
	Manufacture and sale of minibuses and automotive components <i>RMB'000</i>	Manufacture and sale of BMW sedans <i>RMB'000</i>	Reconciliation to the Group's condensed statements of financial position <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	8,286,247	25,107,395	(25,107,395)	8,286,247
Interests in associates	573,614	–	–	573,614
Interests in jointly controlled entities	580,668	3,836,644	–	4,417,312
Available-for-sale financial assets				21,628
Prepayments for a long-term investment				600,000
Advance to a shareholder of a related party				300,000
Unallocated assets				99,569
Total assets				<u>14,298,370</u>
Segment liabilities	6,744,397	17,434,107	(17,434,107)	6,744,397
Unallocated liabilities				8,596
Total liabilities				<u>6,752,993</u>

The assets and liabilities by reportable segments as at 31st December, 2011

	(Audited)			
	Manufacture and sale of minibuses and automotive components <i>RMB'000</i>	Manufacture and sale of BMW sedans <i>RMB'000</i>	Reconciliation to the Group's condensed statements of financial position <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	7,593,932	24,018,218	(24,018,218)	7,593,932
Interests in associates	592,441	–	–	592,441
Interests in jointly controlled entities	520,126	3,057,953	–	3,578,079
Available-for-sale financial assets				15,334
Prepayments for a long-term investment				600,000
Advance to a shareholder of a related party				300,000
Unallocated assets				130,867
Total assets				<u>12,810,653</u>
Segment liabilities	6,562,108	17,902,312	(17,902,312)	6,562,108
Unallocated liabilities				11,358
Total liabilities				<u>6,573,466</u>

5. PROFIT BEFORE INCOME TAX EXPENSE

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

	(Unaudited)	
	For the six months ended	
	30th June,	
	2012	2011
	RMB'000	RMB'000
Charging:		
Impairment losses on:		
– Accounts receivable	3,470	–
– Other receivables	3,546	2,995
– Amounts due from affiliated companies	–	29,198
Write-off of other receivables	1,442	–
Cost of inventories	2,436,635	2,730,345
Amortisation of intangible assets (<i>Note</i>)	14,585	14,026
Depreciation of property, plant and equipment	50,867	53,485
Amortisation of land lease prepayments	729	1,269
Staff costs (including directors' emoluments)	272,574	181,892
Research and development costs (<i>Note</i>)	670	2,328
Provision for inventories	21,457	–
Provision for warranty	8,307	19,201
Loss on disposal of property, plant and equipment	768	–
Operating lease charges for land and buildings	10,491	12,065
Operating lease charges for machinery and equipment	6	–
	6	–
Crediting:		
Gain on disposal of property, plant and equipment	–	1,072
Gross rental income from land and buildings	56	–
Write back of provision for inventories sold	9,087	13,210
Write back of provision for doubtful debts:		
– Accounts receivable	–	2,027
– Amounts due from affiliated companies	–	1,209
	–	1,209

Note: included in general and administrative expenses

6. INCOME TAX EXPENSE

	(Unaudited)	
	For the six months ended	
	30th June,	
	2012	2011
	RMB'000	RMB'000
Current tax	2,739	9,747
Deferred tax in respect of tax losses	50,000	915
	52,739	10,662

Current tax represents PRC enterprise income tax on the estimated taxable profits of the subsidiaries in the PRC during the period.

6. INCOME TAX EXPENSE (Cont'd)

The charge (credit) of deferred tax in respect of the Group's tax losses during the period are as follows:

	(Unaudited) For the six months ended 30th June,	
	2012	2011
	RMB'000	RMB'000
Recognition of previously unrecognised tax losses	–	(33,090)
Reversal of previously recognised tax losses	46,700	–
Utilisation of tax losses	3,300	34,005
	50,000	915

7. EARNINGS PER SHARE

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

	(Unaudited) For the six months ended 30th June,	
	2012	2011
	'000	'000
<i>Weighted average number of shares</i>		
Issued shares outstanding	5,010,769	4,993,969
Effect of share options exercised	10,756	588
	5,021,525	4,994,557
Weighted average number of ordinary shares for calculating basic earnings per share	5,021,525	4,994,557
Weighted average number of ordinary shares deemed issued under the Company's share option scheme	23,905	48,417
	5,045,430	5,042,974

8. ACCOUNTS RECEIVABLE

An aging analysis of accounts receivable is set out below:

	(Unaudited) As at 30th June, 2012 RMB'000	(Audited) As at 31st December, 2011 RMB'000
Less than six months	157,108	90,145
Six months to one year	11,480	3,599
Above one year but less than two years	3,083	998
Two years or above	23,128	23,286
	194,799	118,028
Less: Provision for doubtful debts	(20,434)	(16,964)
	174,365	101,064

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

9. ACCOUNTS PAYABLE

An aging analysis of accounts payable is set out below:

	(Unaudited) As at 30th June, 2012 RMB'000	(Audited) As at 31st December, 2011 RMB'000
Less than six months	1,176,662	1,151,622
Six months to one year	96,592	63,011
Above one year but less than two years	21,817	20,718
Two years or above	45,543	41,331
	1,340,614	1,276,682

10. CONTINGENCIES

- (i) During the period and as at 30th June, 2012, a member of the Group and Shenyang JinBei Automotive Co., Ltd. (“**JinBei**”), pursuant to an agreement, have agreed to provide cross guarantees in respect of each other’s banking facilities in the maximum amount of RMB600 million (*As at 31st December, 2011: RMB600 million*). As at 30th June, 2012, RMB596.5 million (*As at 31st December, 2011: RMB446.5 million*) of these guarantees was drawn by JinBei for its revolving bank loans. Out of these guarantees, RMB214 million was provided in the form of a pledge of the Group’s bank deposits as at 30th June, 2012 (*As at 31st December, 2011: RMB214 million*).
- (ii) During the period and as at 30th June, 2012, a member of the Group and Huachen, pursuant to an agreement, have agreed to provide cross guarantees in respect of each other’s banking facilities in the maximum amount of RMB1,500 million (*As at 31st December, 2011: RMB1,500 million*). As at 30th June, 2012, RMB275 million (*As at 31st December, 2011: RMB465 million*) of these guarantees was drawn by Huachen for its revolving bank loans.

MANAGEMENT’S DISCUSSION & ANALYSIS

Business Review

The unaudited consolidated net sales of the Group (which comprised primarily those derived from the minibus business operated under our major operating subsidiaries such as Shenyang Brilliance JinBei Automobile Co., Ltd. (“**Shenyang Automotive**”) and Shenyang XingYuanDong Automobile Component Co., Ltd.) for the first six months of 2012 was RMB2,810.3 million, representing a decrease of 11.3% from RMB3,167.3 million for the same period in 2011. The decrease in revenue was primarily due to a drop in the sales volume of minibus during the six months ended 30th June, 2012 compared with the same period last year.

Shenyang Automotive sold 39,704 minibuses in the first half of 2012, representing a 8.6% decrease from the 43,424 units sold during the same period in 2011. Of these minibuses sold, 31,784 were mid-price minibuses, representing a 6.1% decrease from 33,840 units sold during the first six months of 2011. Similarly, unit sales of deluxe minibuses also decreased by 17.4% from 9,584 units for the first half of 2011 to 7,920 units for the corresponding period in 2012. The decrease in minibus sales volume was due to a slowdown in the minibus market as well as our existing minibus products reaching the end of their product life cycles and no new model was introduced this year.

Unaudited cost of sales decreased by 9.7% from RMB2,710.9 million in the first six months of 2011 to RMB2,449.0 million for the same period in 2012. The decrease was in line with the reduction in revenue during the period.

Unaudited gross profit margin decreased to 12.9% for the first half of 2012 from 14.4% in the same period in 2011. The decrease in gross margin was primarily caused by a change in product mix with lower sales volume of higher margin deluxe products being realized during the period.

Unaudited other income increased by 215.6% from RMB5.9 million in the first six months of 2011 to RMB18.8 million for the same period in 2012. The increase was primarily due to an increase in the sale of scrap materials and certain service related income earned during the period.

Unaudited selling expenses increased by 15.6% from RMB173.8 million in the first half of 2011, or 5.5% as a percentage of turnover, to RMB200.9 million for the same period in 2012, or 7.2% as a percentage of turnover. The increase was mainly due to an increase in the costs of advertising and sales team staff costs during the period in 2012.

Unaudited general and administrative expenses increased by 23.4% from RMB137.2 million in the first six months of 2011 to RMB169.4 million for the same period in 2012, due to certain adjustments made in 2011 to over provision of general and administrative expenses in the previous year, as well as a new fee imposed by the local government in 2012 for environmental maintenance.

Unaudited interest income increased by 12.0% from RMB32.9 million in the first six months of 2011 to RMB36.9 million for the same period in 2012 due to an increase in cash and cash equivalents, short-term bank deposits and pledged short-term bank deposits in aggregate compared with same period last year. The moderate increase in bank deposit interest rates also attributed to the increase in interest income over the period.

Unaudited net finance costs increased by 6.6% from RMB95.5 million in the first six months of 2011 to RMB101.8 million for the same period in 2012, mainly due to the increase in bank borrowing interest rates.

The Group's unaudited share of operating results of associates and jointly controlled entities increased by 51.3% from RMB949.3 million in the first half of 2011 to RMB1,436.3 million for the same period in 2012. This was primarily attributable to the increase in contribution by BMW Brilliance, the Group's 50% indirectly-owned jointly controlled entity, in the first half of 2012.

Unaudited net profit contributed to the Group by BMW Brilliance increased by 57.5% from RMB832.3 million in the first half of 2011 to RMB1,310.5 million for the same period this year. The BMW joint venture achieved sales of 80,792 BMW sedans in the first six months of 2012, an increase of 46.9% as compared to 55,012 BMW sedans for the same period in 2011. The increased net profit contributed to the Group in the first half of 2012 was a result of the increase in units sold and the achievement of cost reduction from local suppliers during the period.

The Group's unaudited profit before income tax expense increased by 33.1% from RMB1,038.1 million in the first half of 2011 to RMB1,381.2 million for the same period in 2012. Unaudited income tax expense has increased by 392.5% from RMB10.7 million for the first half of 2011 to RMB52.7 million for the first half of 2012 due to the reversal of certain deferred tax assets recognised in previous years.

As a result, the Group recorded an unaudited profit attributable to equity holders of the Company of RMB1,332.3 million for the first half of 2012 as compared to RMB941.3 million for the same period in 2011, representing an increase of 41.5%. Unaudited basic earnings per share for the six months ended 30th June, 2012 amounted to RMB0.26532 compared to RMB0.18846 for the same period in 2011.

Prospects

During the first half of 2012, China's automobile sector continued to show sluggish growth, with total sales of 9.6 million units or an increase of 2.9% over the same period last year, according to the China Association of Automobile Manufacturers. Of these, 7.6 million units were passenger vehicles, representing a growth of 7.1% over the same period last year. Despite the slowing market, the luxury passenger vehicle segment in China continued to significantly outperform, realizing growth of over 25% during this period.

The new second production plant at Tiexi of our BMW joint venture commenced operation at the beginning of the year. The addition of this new production facility enables our joint venture to produce up to 400,000 vehicles annually in the medium term. In addition, as part of our component localisation effort, a new BMW engine assembly facility also opened in March 2012 which will bring about further cost savings to the joint venture over time. As for new products, the X1 SUV was added at the beginning of the year as a third model for local production at our joint venture, while the new generation 3-series China-only long wheelbase version was recently launched in July 2012 in order to satisfy Chinese market demand. The BMW brand and product quality is highly appreciated by consumers in China, and our joint venture's share of the premium auto market continues to rise. The strong sales momentum of our joint venture's products is complemented by the rapid rollout of our dealer network, which have reached 320 outlets nationwide as at July 2012. The BMW auto finance company also started contributing profits in the first half of this year, albeit still small, after just over 18 months of operation.

As for the minibus business, growth of the light vehicle market continued to be slow in the first half of the year. Our existing minibus products are due for a major upgrade, and we have teamed up with our strategic partners to develop a new model with market launch targeted by early 2014. As a result, the years 2012 and 2013 will remain challenging for this business. In addition to the new models currently under development, we are concurrently studying various options to enrich our minibus portfolio over time.

Aside from the BMW joint venture and the minibus operation, we had also entered into an agreement earlier this month for the establishment of an auto finance joint venture with two prominent financial institutions Bank of East Asia and CaixaBank. We see great potentials in China's auto aftermarket service businesses, and this new joint venture will allow the Group to play a role in this nascent but promising market segment.

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

Liquidity and Financial Resources

As at 30th June, 2012, the Group had RMB1,532.7 million in cash and cash equivalents, RMB84.6 million in short-term bank deposits and RMB999.7 million in pledged short-term bank deposits. The Group had notes payable in the amount of RMB1,823.3 million and outstanding short-term bank borrowings of RMB1,235.6 million, but had no long-term bank borrowings outstanding as at 30th June, 2012.

Contingent Liabilities

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

Gearing Ratio

As at 30th June, 2012, the gearing ratio, computed by dividing total liabilities by total equity attributable to equity holders of the Company, was approximately 0.81 (*31st December, 2011: 0.94*). The decrease in the gearing ratio was primarily due to the increase in the equity attributable to equity holders of the Company in the first half of 2012.

Foreign Exchange Risks

The Group considers that exchange rate fluctuations will only have an insignificant effect on the overall financial performance of the Group in the future. The Group may consider entering into hedging transactions through exchange contracts in order to minimise foreign exchange risks, if and when necessary. There were no outstanding hedging transactions as at 30th June, 2012.

Employees and Remuneration Policy

The Group employed approximately 6,400 employees as at 30th June, 2012 (*30th June, 2011: approximately 6,400*). Employee costs amounted to approximately RMB272.6 million for the six months ended 30th June, 2012 (*six months ended 30th June, 2011: approximately RMB181.9 million*). The Group will endeavour to ensure that the salary levels of its employees are in line with industry practices and prevailing market conditions and that employees' remuneration is based on performance. In addition, employees are eligible for share options under the share option scheme adopted by the Company.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30th June, 2012 (*six months ended 30th June, 2011: nil*).

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June, 2012.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Maintaining an effective corporate governance framework is one of the top priorities of the Company. The Company has complied with the code provisions of the "Corporate Governance Code and Corporate Governance Report" set out in Appendix 14 to the Listing Rules throughout the six months ended 30th June, 2012.

There have not been material changes to the information disclosed in the Company's 2011 annual report in respect of our corporate governance practices. Major updates since the 2011 annual report are summarised in the 2012 interim report to be sent to shareholders of the Company.

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, 2012. At present, the audit committee comprises Mr. Xu Bingjin, Mr. Song Jian and Mr. Jiang Bo, all of whom are independent non-executive directors. Mr. Xu Bingjin is the chairman of the audit committee.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises four executive directors, Mr. Wu Xiao An (also known as Mr. Ng Siu On) (*Chairman*), Mr. Qi Yumin (*Chief Executive Officer*), Mr. Wang Shiping and Mr. Tan Chengxu; one non-executive director, Mr. Lei Xiaoyang; and three independent non-executive directors, Mr. Xu Bingjin, Mr. Song Jian and Mr. Jiang Bo.

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

Hong Kong, 29th August, 2012