

**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 2015**



*\*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, 2015. 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 dividends and per share amounts)*

		<b>(Unaudited)</b>	
		<b>For the six months ended</b>	
		<b>30th June,</b>	
		<b>2015</b>	<b>2014</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>	4	<b>2,058,285</b>	2,495,932
Cost of sales		<b>(1,946,758)</b>	(2,278,195)
<b>Gross profit</b>		<b>111,527</b>	217,737
Other income		<b>9,902</b>	27,140
Interest income		<b>42,749</b>	23,351
Selling expenses		<b>(203,725)</b>	(230,467)
General and administrative expenses		<b>(188,468)</b>	(187,867)
Finance costs	6	<b>(74,464)</b>	(76,689)
Share of results of:			
Joint ventures		<b>2,047,257</b>	3,689,247
Associates		<b>109,586</b>	122,360
<b>Profit before income tax expense</b>	5	<b>1,854,364</b>	3,584,812
Income tax expense	8	<b>(19,297)</b>	(5,317)
<b>Profit for the period</b>		<b>1,835,067</b>	3,579,495

## CONDENSED CONSOLIDATED INCOME STATEMENT (Cont'd)

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

		(Unaudited)	
		For the six months ended	
		30th June,	
		2015	2014
	Note	RMB'000	RMB'000
<b>Attributable to:</b>			
Equity holders of the Company		1,910,480	3,627,930
Non-controlling interests		(75,413)	(48,435)
		<u>1,835,067</u>	<u>3,579,495</u>
Dividends	9	<u>HK\$552,835,000</u>	<u>HK\$552,835,000</u>
<b>Earnings per share</b>			
	10		
– Basic		RMB0.38014	RMB0.72187
– Diluted		RMB0.37861	RMB0.71897

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited)	
	For the six months ended	
	30th June,	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit for the period</b>	<b>1,835,067</b>	3,579,495
<b>Other comprehensive (expense) income, net of tax</b>		
<i>Item which may be subsequently reclassified to profit or loss:</i>		
Change in fair value of available-for-sale financial assets	48,944	(1,180)
<i>Item which will not be reclassified to profit or loss:</i>		
Share of comprehensive (expense) income of a joint venture	(738,635)	22,180
<b>Other comprehensive (expense) income, net of tax</b>	<b>(689,691)</b>	21,000
<b>Total comprehensive income for the period</b>	<b>1,145,376</b>	3,600,495
<b>Attributable to:</b>		
Equity holders of the Company	1,220,789	3,648,930
Non-controlling interests	(75,413)	(48,435)
	<b>1,145,376</b>	3,600,495

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited)	(Audited)
		As at	As at
		30th June,	31st December,
		2015	2014
	Note	RMB'000	RMB'000
<b>Non-current assets</b>			
Intangible assets	11	1,117,108	995,780
Property, plant and equipment	11	1,684,682	1,629,055
Construction-in-progress	11	300,601	331,100
Land lease prepayments	11	58,866	59,595
Interests in joint ventures	12	11,600,381	11,290,550
Interests in associates	13	1,531,990	1,473,546
Prepayments for long-term investments	14	600,000	1,040,000
Available-for-sale financial assets	15	80,932	31,988
Other non-current assets		19,000	10,522
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>16,993,560</b>	16,862,136
<b>Current assets</b>			
Cash and cash equivalents	16	1,851,453	1,178,583
Short-term bank deposits		931,363	146,127
Pledged short-term bank deposits	17	1,479,532	1,201,122
Inventories		1,516,141	796,584
Accounts receivable	18	919,768	1,194,130
Notes receivable	19	722,959	769,674
Other current assets	20	1,100,874	1,058,573
		<hr/>	<hr/>
<b>Total current assets</b>		<b>8,522,090</b>	6,344,793

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

		(Unaudited)	(Audited)
		As at	As at
		30th June,	31st December,
		2015	2014
	Note	RMB'000	RMB'000
<b>Current liabilities</b>			
Accounts payable	21	3,248,857	2,963,353
Notes payable	22	2,258,132	1,858,010
Other current liabilities	23	810,988	916,176
Short-term bank borrowings	24	1,603,500	1,365,000
Income tax payable		16,061	31,454
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>7,937,538</b>	<b>7,133,993</b>
		<hr/>	<hr/>
<b>Net current assets (liabilities)</b>		<b>584,552</b>	<b>(789,200)</b>
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>17,578,112</b>	<b>16,072,936</b>
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Deferred government grants		118,803	119,003
		<hr/>	<hr/>
<b>Net assets</b>		<b>17,459,309</b>	<b>15,953,933</b>
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Share capital	25	395,877	395,877
Reserves	26	17,756,245	16,535,456
		<hr/>	<hr/>
Total equity attributable to equity holders of the Company		18,152,122	16,931,333
Non-controlling interests		(692,813)	(977,400)
		<hr/>	<hr/>
<b>Total equity</b>		<b>17,459,309</b>	<b>15,953,933</b>
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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30th June, 2014 (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 revaluation reserve	Cumulative translation adjustments reserve	Difference arising from acquisition of non-controlling interests	Share options reserve				Capital reserve	Retained earnings
	RMB'000	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, 2014	395,877	193,605	2,466,685	4,047	39,179	(537,584)	3,401	120,000	10,330,070	13,015,280	(873,935)	12,141,345
Profit for the period	-	-	-	-	-	-	-	-	3,627,930	3,627,930	(48,435)	3,579,495
Other comprehensive income												
Share of other comprehensive income of a joint venture	-	22,180	-	-	-	-	-	-	-	22,180	-	22,180
Change in fair value of available-for-sale financial assets	-	-	-	(1,180)	-	-	-	-	-	(1,180)	-	(1,180)
	-	22,180	-	(1,180)	-	-	-	-	-	21,000	-	21,000
As at 30th June, 2014	395,877	215,785	2,466,685	2,867	39,179	(537,584)	3,401	120,000	13,958,000	16,664,210	(922,370)	15,741,840



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

Six months ended 30th June, 2015 (Unaudited)

	Attributable to the equity holders of the Company											
	Issued capital RMB'000	Hedging reserve RMB'000	Share premium RMB'000	Investment revaluation reserve RMB'000	Cumulative translation adjustments reserve RMB'000	Difference arising from acquisition of non- controlling interests RMB'000	Share options reserve RMB'000	Capital reserve RMB'000	Retained earnings RMB'000	Total equity attributable to the equity holders of the Company RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
As at 1st January, 2015	395,877	(868,931)	2,466,685	16,355	39,179	(537,584)	3,401	120,000	15,286,351	16,931,333	(977,400)	15,953,933
Non-controlling interests arising from investment in a subsidiary	-	-	-	-	-	-	-	-	-	-	360,000	360,000
Profit for the period	-	-	-	-	-	-	-	1,910,480	1,910,480	1,910,480	(75,413)	1,835,067
Other comprehensive expense	-	-	-	-	-	-	-	-	-	(738,635)	-	(738,635)
Share of other comprehensive expense of a joint venture	-	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of available-for-sale financial assets	-	-	-	48,944	-	-	-	-	-	48,944	-	48,944
	-	-	-	48,944	-	-	-	-	-	-	-	(689,691)
As at 30th June, 2015	395,877	(1,607,566)	2,466,685	65,299	39,179	(537,584)	3,401	120,000	17,206,831	18,152,122	(692,813)	17,459,309

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>(Unaudited)</b>	
	<b>For the six months ended</b>	
	<b>30th June,</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Net cash (used in) generated from operating activities</b>	<b>(296,522)</b>	<b>474,900</b>
<b>Net cash generated from investing activities</b>	<b>253,447</b>	<b>823,315</b>
<b>Net cash generated from financing activities</b>	<b>715,945</b>	<b>228,420</b>
<b>Increase in cash and cash equivalents</b>	<b>672,870</b>	<b>1,526,635</b>
<b>Cash and cash equivalents, as at 1st January</b>	<b>1,178,583</b>	<b>903,263</b>
<b>Cash and cash equivalents, as at 30th June</b>	<b>1,851,453</b>	<b>2,429,898</b>

## NOTES TO CONDENSED CONSOLIDATED 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 "**Stock Exchange**").

The principal activities of the Group are set out in note 4 to these condensed consolidated financial statements.

### 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, 2014, except for the adoption of the new and revised HKFRSs (which include individual HKFRSs, HKASs and interpretations) as disclosed in note 3 to these condensed consolidated financial statements.

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, 2014.

### 3. Adoption of new or amended HKFRSs

In the current period, the Group has applied for the first time the following new and revised standards, amendments and interpretations (the "**new HKFRSs**") issued by the HKICPA, which are relevant to and are effective for the Group's financial statements for the annual financial period beginning on 1st January, 2015.

Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions
Annual Improvements to 2010-2012 Cycle	Amendments to a number of HKFRSs
Annual Improvements to 2011-2013 Cycle	Amendments to a number of HKFRSs

The adoption of these new 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/revised standards and interpretations that have been issued but are 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 the financial position of the Group.

#### 4. 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. ("BMW Brilliance"), and the manufacture and sale of minibuses and automotive components through its subsidiaries.

The Group has identified the following reportable segments:

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

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.).

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 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, 2015

	(Unaudited)			Total RMB'000
	Manufacture and sale of minibuses and automotive components RMB'000	Manufacture and sale of BMW vehicles RMB'000	Reconciliation to the Group's condensed income statements RMB'000	
Segment sales	2,058,285	45,935,546	(45,935,546)	2,058,285
Segment results	(247,471)	5,493,848	(5,493,848)	(247,471)
Impairment losses on assets				(522)
Unallocated costs net of unallocated revenue				(22,771)
Interest income				42,749
Finance costs				(74,464)
Share of results of:				
Joint ventures	(2,710)	2,049,967	-	2,047,257
Associates	109,586	-	-	109,586
Profit before income tax expense				1,854,364

#### 4. 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, 2014

(Unaudited)				
	Manufacture and sale of minibuses and automotive components <i>RMB'000</i>	Manufacture and sale of BMW vehicles <i>RMB'000</i>	Reconciliation to the Group's condensed income statements <i>RMB'000</i>	Total <i>RMB'000</i>
Segment sales	2,495,932	48,243,415	(48,243,415)	2,495,932
Segment results	(116,979)	9,886,571	(9,886,571)	(116,979)
Impairment losses on assets				(39,372)
Unallocated costs net of unallocated revenue				(17,106)
Interest income				23,351
Finance costs				(76,689)
Share of results of:				
Joint ventures	(1,897)	3,691,144	–	3,689,247
Associates	122,360	–	–	122,360
Profit before income tax expense				3,584,812

The assets and liabilities by reportable segments as at 30th June, 2015

(Unaudited)				
	Manufacture and sale of minibuses and automotive components <i>RMB'000</i>	Manufacture and sale of BMW vehicles <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	11,303,643	60,104,897	(60,104,897)	11,303,643
Interests in joint ventures	11,466	11,588,915	–	11,600,381
Interests in associates	1,531,990	–	–	1,531,990
Available-for-sale financial assets				80,932
Prepayments for a long-term investment				600,000
Advance to a shareholder of a related party				300,000
Unallocated assets				98,704
<b>Total assets</b>				<b>25,515,650</b>
Segment liabilities	8,047,965	36,927,069	(36,927,069)	8,047,965
Unallocated liabilities				8,376
<b>Total liabilities</b>				<b>8,056,341</b>

#### 4. Segment information (Cont'd)

The assets and liabilities by reportable segments as at 31st December, 2014

	(Audited)			
	Manufacture and sale of minibuses and automotive components <i>RMB'000</i>	Manufacture and sale of BMW vehicles <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	8,950,821	57,676,507	(57,676,507)	8,950,821
Interests in joint ventures	13,849	11,276,701	–	11,290,550
Interests in associates	1,473,546	–	–	1,473,546
Available-for-sale financial assets				31,988
Prepayments for long-term investments				1,040,000
Advance to a shareholder of a related party				300,000
Unallocated assets				120,024
<b>Total assets</b>				<b>23,206,929</b>
Segment liabilities	7,243,438	35,123,105	(35,123,105)	7,243,438
Unallocated liabilities				9,558
<b>Total liabilities</b>				<b>7,252,996</b>

#### 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,	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Charging:</b>		
Impairment losses on:		
– Accounts receivable (b)	348	355
– Other receivables (b)	174	2,844
– Amount due from an affiliated company (b)	–	36,173
Cost of inventories	1,950,427	2,321,109
Amortisation of intangible assets (a)	13,443	15,540
Depreciation of property, plant and equipment	61,767	48,273
Amortisation of land lease prepayments	729	729
Staff costs (including directors' emoluments) (Note 7)	394,302	363,777
Research and development costs (b)	3,303	2,478
Provision for warranty	10,994	13,570
Operating lease charges for land and buildings	11,262	12,156
Loss on disposal of property, plant and equipment	98	–
<b>Crediting:</b>		
Gain on disposal of property, plant and equipment	–	1,767
Write back of provision for inventories sold	3,669	43,223

(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.

6. Finance costs

	(Unaudited)	
	For the six months ended 30th June,	
	2015	2014
	RMB'000	RMB'000
Interest expense on:		
Bank loans wholly repayable within one year	45,216	49,466
Discounted bank guaranteed notes	34,069	35,858
	<hr/>	<hr/>
	79,285	85,324
Less: Interest expense capitalised in intangible assets and construction-in-progress at the rate of 5.6% per annum (2014: 6.6% per annum)	(4,821)	(8,635)
	<hr/>	<hr/>
	74,464	76,689
	<hr/>	<hr/>

7. Staff costs (including directors' emoluments)

	(Unaudited)	
	For the six months ended 30th June,	
	2015	2014
	RMB'000	RMB'000
Wages, salaries and performance related bonus	306,284	284,698
Pension costs – defined contribution plans	33,988	30,696
Staff welfare costs	54,030	48,383
	<hr/>	<hr/>
	394,302	363,777
	<hr/>	<hr/>

8. Income tax expense

Income tax expense represents PRC enterprise income tax on the estimated taxable profits 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.

9. Dividends

The directors declared a dividend of HK\$0.11 per share (2014: HK\$0.11 per share) at the board meeting held on 21st August, 2015.

## 10. 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,	
	2015	2014
	'000	'000
Issued ordinary shares during the whole period	5,025,769	5,025,769
Weighted average number of ordinary shares for calculating basic earnings per share	5,025,769	5,025,769
Weighted average number of ordinary shares deemed issued under the Company's share option scheme	20,332	20,246
Weighted average number of ordinary shares for calculating diluted earnings per share	5,046,101	5,046,015

## 11. Capital expenditures

	(Unaudited)			
	Intangible assets	Property, plant and equipment	Construction- in-progress	Land lease prepayments
	RMB'000	RMB'000	RMB'000	RMB'000
Net book value as at 1st January, 2015	995,780	1,629,055	331,100	59,595
Additions	130,206	32,083	60,043	–
Transfer	4,565	85,977	(90,542)	–
Disposals	–	(666)	–	–
Amortisation/Depreciation	(13,443)	(61,767)	–	(729)
<b>Net book value as at 30th June, 2015</b>	<b>1,117,108</b>	<b>1,684,682</b>	<b>300,601</b>	<b>58,866</b>

## 12. Interests in joint ventures

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2015	2014
	RMB'000	RMB'000
Share of net assets	11,600,381	11,290,550



13. Interests in associates

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2015	2014
	RMB'000	RMB'000
Share of net assets and goodwill		
– Associates listed in Hong Kong	853,267	807,728
– Unlisted associates	678,723	665,818
	<u>1,531,990</u>	<u>1,473,546</u>
Fair value of investment in associates listed in Hong Kong	<u>951,881</u>	<u>772,309</u>

14. Prepayments for long-term investments

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2015	2014
	RMB'000	RMB'000
Prepayments for indirect investment in Shenyang JinBei Automotive Co., Ltd. ("JinBei") (Note a)	600,000	600,000
Prepayment for investment in a new subsidiary (Note b)	–	440,000
	<u>600,000</u>	<u>1,040,000</u>

Note a: The Group entered into two agreements in 2003 to acquire effectively in aggregate the indirect equity interest of 33.35% in JinBei, a company listed on the Shanghai Stock Exchange, for a consideration of RMB600 million.

Although the acquisitions have been approved by State-owned Assets Supervision and Administration Commission of Liaoning Provincial Government and the State-Owned Assets Supervision and Administration Commission of the State Council, the acquisitions are still subject to the granting of a waiver by the China Securities Regulatory Commission.

As at 30th June, 2015 and 31st December, 2014, the consideration of RMB600 million paid was recorded as prepayments for a long-term investment. The directors have assessed the fair value of the underlying shares of JinBei and are satisfied that the recoverability of the prepayments is supported by the underlying shares of JinBei.

The directors are currently evaluating market situation and considering potential options for this investment in light of the Group's latest strategy and future plans.

Note b: The prepayment of RMB440 million as at 31st December, 2014 represents the amount deposited in a designated bank account for capital inspection in relation to the Company's investment in 55% of the registered capital of RMB800 million of Brilliance-BEA Auto Finance Co., Ltd, a wholly foreign-owned enterprise in the PRC with the principal activity of provision of auto financing in the PRC. The subsidiary was set up during the period under review, and the amount was injected into the subsidiary as paid up registered capital after obtaining its operating license in April 2015.

15. Available-for-sale financial assets

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2015	2014
	RMB'000	RMB'000
Equity investments		
– Unlisted, at cost	4,138	4,138
– Listed in Hong Kong, at fair value	76,794	27,850
	<hr/>	<hr/>
	80,932	31,988
	<hr/>	<hr/>

16. Cash and cash equivalents

For condensed 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 condensed 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 three months.

17. Pledged short-term bank deposits

Pledged short-term bank deposits were for the following purposes:

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2015	2014
	RMB'000	RMB'000
Issue of bank guaranteed notes to trade creditors (Note)	1,269,002	990,592
Bank loans granted to JinBei (Note 27(a))	210,530	210,530
	<hr/>	<hr/>
	1,479,532	1,201,122
	<hr/>	<hr/>

Note: In addition to short-term bank deposits, as at 30th June, 2015, the Group had also pledged bank guaranteed notes receivable from third parties and affiliated companies of approximately RMB66.5 million (At 31st December, 2014: approximately RMB115.3 million) for issue of bank guaranteed notes.

18. Accounts receivable

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2015	2014
	RMB'000	RMB'000
Accounts receivable	599,239	839,171
Accounts receivable from affiliated companies (Note 27(c))	320,529	354,959
	<hr/>	<hr/>
	919,768	1,194,130
	<hr/>	<hr/>

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

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2015	2014
	RMB'000	RMB'000
Less than six months	162,655	557,195
Six months to one year	323,780	196,499
Above one year but less than two years	97,862	81,899
Two years or above	36,571	24,859
	<hr/>	<hr/>
	620,868	860,452
Less: Provision for doubtful debts	(21,629)	(21,281)
	<hr/>	<hr/>
	599,239	839,171
	<hr/>	<hr/>

As at 30th June, 2015, accounts receivable from third parties of RMB435.9 million (As at 31st December, 2014: RMB667.5 million) were mainly denominated in U.S. Dollar and the rest were denominated in Renminbi. The Group's credit policy is to offer credit to customers following a financial assessment and an established payment record. In order to minimise credit risk, credit history and background of new customers and debtors are checked and security deposits or letters of credit are usually obtained from major customers. Credit limits with credit terms of 30 days to 90 days are set for PRC customers and customers considered to be high risk are traded on cash basis or when bank guaranteed notes or letters of credit are received. For overseas customers, since generally 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.

19. Notes receivable

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2015	2014
	RMB'000	RMB'000
Notes receivable	209,436	166,182
Notes receivable from affiliated companies (Note 27(d))	513,523	603,492
	<hr/>	<hr/>
	722,959	769,674
	<hr/>	<hr/>

All notes receivable are denominated in Renminbi and are primarily notes received from customers for settlement of accounts receivable balances. As at 30th June, 2015, all notes receivable were guaranteed by established banks in the PRC with maturities of less than six months from 30th June, 2015 (As at 31st December, 2014: Same).

20. Other current assets

		(Unaudited)	(Audited)
		As at	As at
		30th June,	31st December,
		2015	2014
	Note	RMB'000	RMB'000
Other receivables	20(a)	411,951	404,883
Prepayments and other current assets		122,810	80,358
Other taxes recoverable		42,348	72,432
Amounts due from affiliated companies	27(e)	523,765	500,900
		<hr/>	<hr/>
		1,100,874	1,058,573
		<hr/>	<hr/>

20(a). Other receivables

		(Unaudited)	(Audited)
		As at	As at
		30th June,	31st December,
		2015	2014
		RMB'000	RMB'000
Advance to Shenyang Automobile Industry Asset Management Company Limited ("SAIAM")		300,000	300,000
Others		200,546	193,400
		<hr/>	<hr/>
		500,546	493,400
Less: Provision for doubtful debts		(88,595)	(88,517)
		<hr/>	<hr/>
		411,951	404,883
		<hr/>	<hr/>

**20(a). Other receivables (Cont'd)**

All other receivables are denominated in Renminbi. SAIAM will become a subsidiary of the Group after the completion of the acquisition of SAIAM as detailed in note 14. The amount advanced to SAIAM will be settled upon the completion of the acquisition. In view of the substantial assets in JinBei possessed by SAIAM, the management considers the credit risk in recovering this amount to be minimal.

The other items in other receivables mainly represent prepayments and deposits paid and advances to other third parties. The management considers the credit risks for the balances after the provision of impairment for doubtful debts to be minimal as these items are considered insignificant in amounts individually, and are recovered very shortly after they are incurred.

**21. Accounts payable**

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2015	2014
	<b>RMB'000</b>	<b>RMB'000</b>
Accounts payable	1,934,703	1,708,665
Accounts payable to affiliated companies (Note 27(f))	1,314,154	1,254,688
	<hr/>	<hr/>
	<b>3,248,857</b>	<b>2,963,353</b>
	<hr/>	<hr/>

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

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2015	2014
	<b>RMB'000</b>	<b>RMB'000</b>
Less than six months	1,452,984	1,392,626
Six months to one year	301,999	138,875
Above one year but less than two years	55,025	108,980
Two years or above	124,695	68,184
	<hr/>	<hr/>
	<b>1,934,703</b>	<b>1,708,665</b>
	<hr/>	<hr/>

22. Notes payable

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Notes payable	2,126,512	1,806,510
Notes payable to affiliated companies (Note 27(g))	131,620	51,500
	<hr/>	<hr/>
	<b>2,258,132</b>	<b>1,858,010</b>
	<hr/>	<hr/>

23. Other current liabilities

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Customer advances	55,085	43,936
Other payables	606,313	685,872
Accrued expenses and other current liabilities	43,883	65,612
Other taxes payable	39,900	58,303
Provision for warranty	14,215	16,355
Deferred government grants	2,440	4,879
Amounts due to affiliated companies (Note 27(h))	49,152	41,219
	<hr/>	<hr/>
	<b>810,988</b>	<b>916,176</b>
	<hr/>	<hr/>

24. Short-term bank borrowings

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Secured bank borrowings	88,500	65,000
Unsecured bank borrowings	1,515,000	1,300,000
	<hr/>	<hr/>
	<b>1,603,500</b>	<b>1,365,000</b>
	<hr/>	<hr/>

24. **Short-term bank borrowings (Cont'd)**

All short-term bank borrowings as at 30th June, 2015 were interest-bearing at rates ranging from 4.8% to 7.2% per annum (As at 31st December, 2014: 5.6% to 7.2% per annum) and repayable from 5th July, 2015 to 25th June, 2016 (As at 31st December, 2014: repayable from 9th January, 2015 to 7th November, 2015).

As at 30th June, 2015, these bank borrowings are secured by the Group's buildings with net book values of approximately RMB52.9 million (As at 31st December, 2014: RMB54.5 million). As at 30th June, 2015, bank guaranteed notes receivable of RMB50 million (As at 31st December, 2014: Nil) were also pledged for the bank borrowings.

25. **Share capital**

	<b>(Unaudited)</b>		<b>(Audited)</b>	
	<b>As at 30th June, 2015</b>		<b>As at 31st December, 2014</b>	
	<b>Number of</b>		<b>Number of</b>	
	<b>shares</b>	<b>Amount</b>	<b>shares</b>	<b>Amount</b>
	<b>'000</b>	<b>US\$'000</b>	<b>'000</b>	<b>US\$'000</b>
Authorised				
Ordinary shares at par value of US\$0.01 each	<b>8,000,000</b>	<b>80,000</b>	8,000,000	80,000

	<b>(Unaudited)</b>		<b>(Audited)</b>	
	<b>As at 30th June, 2015</b>		<b>As at 31st December, 2014</b>	
	<b>Number of</b>		<b>Number of</b>	
	<b>shares</b>	<b>Amount</b>	<b>shares</b>	<b>Amount</b>
	<b>'000</b>	<b>RMB'000</b>	<b>'000</b>	<b>RMB'000</b>
Issued and fully paid				
Ordinary shares at par value of US\$0.01 each	<b>5,025,769</b>	<b>395,877</b>	5,025,769	395,877

26. Reserves

	Hedging reserve	Share premium	Investment revaluation reserve	Difference		Share options reserve	Capital reserve	Retained earnings	Total
				Cumulative adjustments	arising from non-controlling interests				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note a)						(Note b)	(Note c)	
As at 1st January, 2014	193,605	2,466,685	4,047	39,179	(537,584)	3,401	120,000	10,330,070	12,619,403
Dividends	-	-	-	-	-	-	-	(437,153)	(437,153)
Total comprehensive income	(1,062,536)	-	12,308	-	-	-	-	5,403,434	4,353,206
As at 31st December, 2014	(868,931)	2,466,685	16,355	39,179	(537,584)	3,401	120,000	15,296,351	16,535,456
As at 1st January, 2015	(868,931)	2,466,685	16,355	39,179	(537,584)	3,401	120,000	15,296,351	16,535,456
Total comprehensive income	(738,635)	-	48,944	-	-	-	-	1,910,480	1,220,789
As at 30th June, 2015	(1,607,566)	2,466,685	65,299	39,179	(537,584)	3,401	120,000	17,206,831	17,756,245

- (a) Hedging reserve 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 are accumulated separately in equity in the hedging reserve.
- (b) In 2003, as approved by the board of directors of Shenyang XingYuanDong Automobile Component Co., Ltd. ("**Xing Yuan Dong**"), a subsidiary of the Company, 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) The Group's retained earnings included an amount of approximately RMB1,345,407,000 (*As at 31st December, 2014: RMB1,511,764,000*) reserved by the subsidiaries in the PRC in accordance with the 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.



## 27. 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 HKAS 24 (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 condensed consolidated 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.

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 Automotive Group Holdings Company Limited (" <b>Huachen</b> ")	Major shareholder of the Company
JinBei	A shareholder of Shenyang Brilliance JinBei Automobile Co., Ltd. (" <b>Shenyang Automotive</b> "), a subsidiary of the Company
Shanghai Shenhua Holdings Co., Ltd. (" <b>Shanghai Shenhua</b> ")	Common directorship of certain directors of the Company
Brilliance Holdings Limited (" <b>BHL</b> ")	Common directorship of a director of the Company

Huachen and JinBei are PRC government-related entities, and are connected persons of the Company under the Listing Rules, with which the Group has material transactions.

27. **Connected and related party transactions (Cont'd)**

- (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>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Sales of goods:		
– Affiliated companies of JinBei	588	776
– Huachen and its affiliated companies	121,185	271,122
	<hr/>	<hr/>
Purchases of goods:		
– Affiliated companies of JinBei	248,057	258,417
– Huachen and its affiliated companies	263,472	287,979
	<hr/>	<hr/>
Sub-contracting charges to:		
– Huachen and its affiliated companies	9,008	13,867
	<hr/>	<hr/>

On 12th November, 2014, a member of the Group and JinBei entered into an agreement for the provision of cross guarantees in respect of each other's banking facilities up to a maximum amount of RMB600 million (*As at 31st December, 2014: RMB600 million*) for the period from 1st January, 2015 to 31st December, 2015. As at 30th June, 2015, under this agreement, JinBei and its subsidiaries had outstanding bank loans and other banking facilities totalling RMB580 million (*As at 31st December, 2014: RMB586.5 million*) of which RMB200 million (*As at 31st December, 2014: RMB200 million*) and RMB380 million (*As at 31st December, 2014: RMB386.5 million*) were supported by the Group's bank deposits pledged to and corporate guarantee provided to the banks, respectively.

In addition to the above, during the period the Company incurred operating lease rental on land and buildings of RMB1,758,000 (*Six months ended 30th June, 2014: RMB2,477,000*) to Huachen. This transaction constitutes a continuing connected transaction but is exempt from the requirements of reporting, annual review, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules.

27. **Connected and related party transactions (Cont'd)**

(b) In addition to the above, the Group also had the following material related party transactions:

	(Unaudited)	
	For the six months ended	
	30th June,	
	2015	2014
	<b>RMB'000</b>	<i>RMB'000</i>
Sales of goods:		
– Shanghai Shenhua and its affiliated companies	1,535,401	1,004,967
– Joint ventures	4,648	5,259
– Associates	60,212	64,249
Purchases of goods:		
– Joint ventures	161,117	88,478
– Associates	312,684	274,137
– Shanghai Shenhua and its affiliated companies	3,520	3,287
Operating lease rental on land and buildings charged by Shanghai Shenhua	296	296
Interest from Xinhua Investment Holdings Limited ("Xinhua Investment") (Note 27(e))	4,056	4,073

The above sale and purchase 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 value as determined by the directors.

In addition, the Group had provided a corporate guarantee up to a maximum amount of RMB60 million (*As at 31st December, 2014: RMB100 million*) for the period from 1st January, 2015 to 31st December, 2015 for revolving bank loans and bank guaranteed notes to Shanghai Shenhua. As at 30th June, 2015, RMB60 million (*As at 31st December, 2014: RMB60 million*) of this corporate guarantee was utilised by Shanghai Shenhua.

27. **Connected and related party transactions (Cont'd)**

(c) As at 30th June, 2015, accounts receivable from affiliated companies consisted of the following:

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Accounts receivable from related parties:		
– Shanghai Shenhua and its affiliated companies	10,416	10,416
– Affiliated companies of JinBei	52,794	51,169
– Huachen and its affiliated companies	251,941	293,998
– Associates	18,340	12,400
– Joint ventures	5,999	7,385
– An affiliated company of a shareholder of a joint venture	2,427	979
	<hr/>	<hr/>
	341,917	376,347
Less: Provision for doubtful debts	(21,388)	(21,388)
	<hr/>	<hr/>
	320,529	354,959
	<hr/>	<hr/>

The Group's credit policy is to offer credit to affiliated companies following financial assessment and an established payment record. These affiliated companies are generally required to settle 25% to 33% of the previous month's ending balances. The aging analysis of accounts receivable from affiliated companies based on invoice date is as follows:

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Less than six months	111,865	90,249
Six months to one year	59,299	167,711
Above one year but less than two years	108,353	86,819
Two years or above	62,400	31,568
	<hr/>	<hr/>
	341,917	376,347
	<hr/>	<hr/>

27. **Connected and related party transactions (Cont'd)**

(d) As at 30th June, 2015, notes receivable from affiliated companies arising from trading activities consisted of the following:

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Notes receivable from related parties:		
– Affiliated companies of JinBei	1,350	523
– Shanghai Shenhua and its affiliated companies	388,361	528,148
– Associates	71,851	13,810
– A joint venture	2,416	2,340
– Huachen and its affiliated companies	49,545	58,671
	<hr/>	<hr/>
	513,523	603,492
	<hr/>	<hr/>

(e) As at 30th June, 2015, amounts due from affiliated companies consisted of:

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Amounts due from related parties:		
– Joint ventures	88,136	95,880
– Associates	85,414	85,361
– Shanghai Shenhua	14,050	14,050
– Huachen and its affiliated companies	71,703	40,501
– Xinhua Investment	299,350	297,704
– JinBei and its affiliated companies	57,260	59,552
	<hr/>	<hr/>
	615,913	593,048
Less: Provision for doubtful debts	(92,148)	(92,148)
	<hr/>	<hr/>
	523,765	500,900
	<hr/>	<hr/>

Amounts due from affiliated companies are unsecured, interest-free and repayable on demand, except for the amount due from Xinhua Investment, a shareholder of Xinchun China Power Holdings Limited, an associate of the Group, which is secured by all assets of that shareholder, interest-bearing at 3% per annum and repayable in August 2016.

27. **Connected and related party transactions (Cont'd)**

(f) As at 30th June, 2015, accounts payable to affiliated companies arising from trading activities consisted of the following:

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Accounts payable to related parties:		
– Associates	354,874	420,072
– Joint ventures	159,497	83,657
– Huachen and its affiliated companies	461,536	307,889
– An affiliated company of BHL	33,719	33,719
– Shanghai Shenhua and its affiliated companies	33,965	160,666
– Affiliated companies of JinBei	270,560	248,682
– Affiliated companies of a shareholder of a joint venture	3	3
	<hr/>	<hr/>
	1,314,154	1,254,688
	<hr/>	<hr/>

The accounts payable to affiliated companies are unsecured and non-interest bearing. 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
	30th June,	31st December,
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Less than six months	981,486	1,152,631
Six months to one year	230,281	29,768
Above one year but less than two years	49,127	20,911
Two years or above	53,260	51,378
	<hr/>	<hr/>
	1,314,154	1,254,688
	<hr/>	<hr/>

27. **Connected and related party transactions (Cont'd)**

(g) As at 30th June, 2015, notes payable to affiliated companies arising from trading activities consisted of the following:

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Notes payable to related parties:		
– Affiliated companies of JinBei	8,100	27,500
– A joint venture	22,000	19,000
– Associates	101,520	5,000
	<hr/>	
	131,620	51,500
	<hr/>	

(h) As at 30th June, 2015, amounts due to affiliated companies consisted of the following:

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Amounts due to related parties:		
– Associates	4,751	2,617
– Huachen and its affiliated companies	774	774
– Affiliated companies of BHL	27,892	27,933
– Affiliated companies of Shanghai Shenhua	6,856	7,145
– JinBei and its affiliates	8,859	2,730
– Other affiliated company	20	20
	<hr/>	
	49,152	41,219
	<hr/>	

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

(i) Pursuant to a trademark license agreement, JinBei granted Shenyang Automotive the right to use the JinBei trademark on its products and marketing materials indefinitely.

27. **Connected and related party transactions (Cont'd)**

- (j) Compensation benefits to key management personnel are as follows:

	(Unaudited)	
	For the six months ended	
	30th June,	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Short-term employee benefits	10,466	10,703

- (k) 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 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 also established pricing policies for 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.

28. **Commitments**

- (a) **Capital commitments**

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Contracted but not provided for:		
– Construction projects	12,606	127,001
– Acquisition of plant and machinery	380,871	386,735
– Others	38,640	14,749
	<b>432,117</b>	<b>528,485</b>
Authorised but not contracted for:		
– Construction projects and acquisition of plant and machinery	385,033	346,569



28. Commitments (Cont'd)

(b) Operating lease commitments

As at 30th June, 2015, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of leased properties as follows:

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	24,198	16,290
In the second to fifth years inclusive	47,894	28,653
Over five years	16,322	17,048
	<hr/>	<hr/>
	88,414	61,991
	<hr/>	<hr/>

## MANAGEMENT'S DISCUSSION & ANALYSIS

### Business Review

The unaudited consolidated net sales of Brilliance China Automotive Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) (which comprised primarily net sales of the minibus business carried out by 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 2015 was RMB2,058.3 million, representing a decrease of 17.5% from the RMB2,495.9 million generated during the same period in 2014. The decrease in revenue was primarily due to a decrease in the sales volume of minibuses during the period.

Shenyang Automotive sold 30,051 minibuses in the first half of 2015, representing a 15.8% decrease from the 35,675 units sold during the same period in 2014. Of these, 27,046 units were Haise minibuses, representing a decrease of 17.1% from 32,644 units sold during the first six months of 2014. Sales of the Granse products have been more resilient, with unit sales decreasing slightly by 0.9% from 3,031 units for the first half of 2014 to 3,005 units for the corresponding period in 2015. The decrease in the sales volume of minibuses during the first half of 2015 was primarily caused by the overall economic slowdown in China leading to lower market demand. In addition to the minibus products, Shenyang Automotive also launched the new Huasong 7 MPV in March 2015, which recorded sales of 139 units during the period.

Unaudited cost of sales decreased by 14.5% from RMB2,278.2 million in the first six months of 2014 to RMB1,946.8 million for the same period in 2015. The percentage decrease in cost of sales was smaller than the percentage decrease in revenue during the first half of 2015 due to higher staff costs incurred in preparation for the roll out of the new Huasong MPV. As a result, the unaudited gross profit margin of the Group dropped to 5.4% in the first half of 2015 from 8.7% in the same period in 2014.

Unaudited other income decreased by 63.5% from RMB27.1 million in the first six months of 2014 to RMB9.9 million for the same period in 2015. The decrease was primarily led by decreased sales of scrap materials.

Unaudited interest income increased by 83.1% from RMB23.4 million in the first six months of 2014 to RMB42.7 million for the same period in 2015 due to an increase in cash and cash equivalents and bank deposits as a result of dividends received from BMW Brilliance Automotive Ltd. (“**BMW Brilliance**”), and the share capital contributed by shareholders of Brilliance-BEA Auto Finance Co., Ltd (“**Brilliance-BEA**”) for the establishment of the company, during the first half of 2015.

Unaudited selling expenses decreased by 11.6% from RMB230.5 million in the first half of 2014 to RMB203.7 million for the same period in 2015. The decrease in selling expenses was driven mainly by the decrease in sales turnover which led to lower transportation volume, and reduced advertising spending. However, selling expense as a percentage of revenue increased from 9.2% to 9.9% between the two periods due to higher average costs of transportation during the first half of 2015.

Unaudited general and administrative expenses have remained relatively stable, with a minor increase of 0.3% from RMB187.9 million in the first six months of 2014 to RMB188.5 million for the same period in 2015.

Unaudited finance costs decreased by 2.9% from RMB76.7 million in the first six months of 2014 to RMB74.5 million for the same period in 2015, as a result of lower average short-term bank borrowings during the first six months of 2015.

The Group's unaudited share of results of joint ventures decreased by 44.5% from RMB3,689.2 million in the first half of 2014 to RMB2,047.3 million for the same period in 2015. This was primarily attributable to decreased profits contributed by BMW Brilliance, the Group's 50% indirectly-owned joint venture.

Unaudited net profit contributed to the Group by BMW Brilliance decreased by 44.5% from RMB3,691.1 million in the first half of 2014 to RMB2,050 million for the same period this year. The BMW joint venture achieved sales of 139,775 BMW vehicles in the first six months of 2015, a drop of 0.2% as compared to 140,012 BMW vehicles sold in the same period in 2014. The locally produced 3-series, 5-series and X1 recorded sales volumes of 48,009 units, 72,421 units and 19,345 units, respectively, in the first six months of 2015, compared to 46,292 units, 71,702 units and 22,018 units, respectively, for the same period in 2014. The decrease in BMW Brilliance's profit during the first six months of 2015 was caused by higher selling costs incurred as a result of the slowdown in the growth of the Chinese economy and the automotive industry, as well as project related costs in preparation for the launch of new models and new production facilities in the near future.

The Group's unaudited share of results of associates decreased by 10.4% from RMB122.4 million in the first half of 2014 to RMB109.6 million in the corresponding period in 2015. This was primarily attributable to a decrease in the contribution from Shenyang Aerospace Mitsubishi Motors Engine Manufacturing Co., Ltd. during the first six months of 2015.

The Group's unaudited profit before income tax expense decreased by 48.3% from RMB3,584.8 million in the first half of 2014 to RMB1,854.4 million for the same period in 2015. Unaudited income tax expense has increased by 262.9% from RMB5.3 million in the first half of 2014 to RMB19.3 million for the corresponding period in 2015, due to an increase in enterprise income tax payable by one of the subsidiaries of the Company.

As a result of the above, the Group recorded an unaudited profit attributable to equity holders of the Company of RMB1,910.5 million for the first half of 2015, representing a decrease of 47.3% from the RMB3,627.9 million realized for the same period in 2014. Unaudited basic earnings per share for the six months ended 30th June, 2015 amounted to RMB0.38014 compared to RMB0.72187 for the same period in 2014.

The Company has declared a dividend of HK\$0.11 per share (2014: Same), amounting to a total of about HK\$552.8 million (2014: Same).

## **Prospects**

The growth of the Chinese automotive industry during the first six months of 2015 was hampered by the overall weakening of the Chinese economy, a turbulent stock market situation, and the tightening of industry regulatory regime. According to the China Association of Automobile Manufacturers, during the period a total of 11.9 million vehicles were sold in China, representing an increase of 1.4% over the same period last year. Of these, 10.1 million units were passenger vehicles, representing a growth rate of 4.8% over the same period last year. The luxury passenger vehicle segment in China had also realized a low single-digit growth rate during this period, which was significantly lower than the double-digit growth that it had experienced in previous years.

During the first half of 2015, normalisation of the China premium auto market growth was faster than originally forecasted. As a result, our BMW Brilliance joint venture (the “**JV**”) recorded sales of 139,775 BMW vehicles during the period, representing a slight decrease of 0.2% when compared to the same period last year. The rapid change in market conditions has called for a comprehensive review of the JV’s product portfolio, investment plans, and long-term strategy, in order to ensure alignment of our business model to future challenges. The JV continues to be confident about the future growth prospects of the Chinese premium auto industry, and believes the new products to be introduced over the next few years will broaden and also better tailor our product portfolio to the Chinese consumers’ increasing preference for smaller and more fuel efficient vehicles, as well as alternative energy products. The capacity expansion projects that have been ongoing in our Tiexi and Dadong plants are on track to provide the JV with total annual production capacity of over 400,000 units in the near future. In addition, the new engine plant in Tiexi will soon commence operation to enable local production of the new 3 and 4-cylinder BMW engines. Completion of the increase in production capacities will coincide with the multiple product launches of the 3-series facelift, the new 2-series active tourer, and the next generation X1 in the next 12 months. The newly increased capacities of the JV’s facilities will also allow potential exports of vehicles and components from China, which is a topic that is currently under review.

The JV had continued to roll out its dealer network which had reached 465 outlets nationwide as at 30th June, 2015. During the first half of the year, the JV has implemented a range of measures across its sales organization in an effort to strengthen the profitability of both the JV and the dealers over time. In light of the rapid market slowdown, sales and production volume targets have been adjusted, and in addition to monetary support, intensive training was provided to dealers to enhance their knowledge in further diversifying their business models. The JV will continue to work with its dealer partners to expand its sales network via new and dynamic ways. In addition, extra efforts will be placed on heightening brand recognition with emphasis on technological advancements, and the introduction of new features to expand its sales channels. Furthermore, our JV's sales activities will continue to be supported by the BMW auto finance company which has been contributing increasing profits to the JV so far.

As for the minibus business, the new premium MPV model under the new brand Huasong co-developed with our strategic partners and external consultants has commenced sales in March 2015. At the same time, the Group continues to upgrade its existing minibus and MPV models in order to provide better and improved products to the market. However, the year 2015 will remain challenging for this business, and it is likely that the minibus operation will continue to have a negative impact to the Group's overall financial performance for the year.

Brilliance-BEA, the Company's new auto finance joint venture in China together with Bank of East Asia and CaixaBank, received final approval to commence business in April 2015. The company is currently building up its management team while formulating a business strategy and long-term plan. This new auto finance joint venture will initially focus on supporting the Group's sales of its minibus and MPVs and our major shareholder Huachen's sedan products, with potential to expand to other third party business over time.

Maintaining the leading position of BMW Brilliance in the premium auto market remains the Group's business priority. Apart from that, the Group also continues to look for new business opportunities as well as ways to further streamline its existing operation and corporate structure as its business continues to grow.

### **Liquidity and Financial Resources**

As at 30th June, 2015, the Group had RMB1,851.5 million in cash and cash equivalents (*As at 31st December, 2014: RMB1,178.6 million*), RMB931.4 million in short-term bank deposits (*As at 31st December, 2014: RMB146.1 million*) and RMB1,479.5 million in pledged short-term bank deposits (*As at 31st December, 2014: RMB1,201.1 million*). As at 30th June, 2015, the Group had notes payable in the amount of RMB2,258.1 million (*As at 31st December, 2014: RMB1,858 million*).

As at 30th June, 2015, the Group had outstanding short-term bank borrowings of RMB1,603.5 million (As at 31st December, 2014: RMB1,365 million) and did not have any long-term bank borrowings outstanding (As at 31st December, 2014: Nil).

All short-term bank borrowings as at 30th June, 2015 were due within one year, being repayable from 5th July, 2015 to 25th June, 2016 (As at 31st December, 2014: repayable from 9th January, 2015 to 7th November, 2015). As at 30th June, 2015, these borrowings were at fixed interest rates and were denominated in Renminbi (As at 31st December, 2014: Same).

### **Capital Structure and Funding Policies**

As at 30th June, 2015, the Group's total assets was RMB25,515.7 million (As at 31st December, 2014: RMB23,206.9 million), which was funded by the following: (a) share capital of RMB395.9 million (As at 31st December, 2014: RMB395.9 million), (b) reserves of RMB17,756.2 million (As at 31st December, 2014: RMB16,535.5 million), (c) total liabilities of RMB8,056.4 million (As at 31st December, 2014: RMB7,252.9 million) and (d) negative contribution from non-controlling interests of RMB692.8 million (As at 31st December, 2014: RMB977.4 million).

As at 30th June, 2015, 92.51% (As at 31st December, 2014: 74.04%) 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 6.71% (As at 31st December, 2014: 24.48%) were denominated in U.S. Dollar. The remaining balance of 0.78% (As at 31st December, 2014: 1.48%) were denominated in other currencies.

Apart from the borrowings, banking facilities have been put in place for contingency purposes. As at 30th June, 2015, the Group's total available banking facilities for its daily operations amounted to RMB362.9 million (As at 31st December, 2014: RMB862.9 million) without any committed banking facilities.

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

For long-term capital expenditures, the Group's strategy is to fund these long-term capital commitments by a combination of operational cash flow, bank borrowings, dividends from joint ventures and associates, if any, and fund raising exercises in the capital market, if and when necessary.

## **Capital Expenditure and Commitments**

For the first six months of 2015, the Group incurred capital expenditure of RMB222.3 million (*Six months ended 30th June, 2014: RMB283.4 million*) mainly for acquisition of tools and moulds, machinery and equipment, and development of minibus.

As at 30th June, 2015, the Group's capital commitments, including those authorised but not yet contracted for, amounted to RMB817.2 million (*As at 31st December, 2014: RMB875.1 million*). Among such, contracted capital commitments amounted to RMB432.1 million (*As at 31st December, 2014: RMB528.5 million*), which was primarily related to the capital expenditure in respect of construction projects and acquisition of plant and machinery.

## **New Business and New Products**

To meet the changing customer demands and to strengthen our market position in the People's Republic of China (the "PRC"), the Group will continue to evaluate, on an ongoing basis, the development of new MPV models, upgrading of existing products and expansion of its product portfolio.

The new premium MPV model, under the new brand Huasong which was co-developed with our strategic partners and external consultants, was launched to the market at the end of 2014 and commenced sales in March 2015.

## **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, 2015.

## **Employees and Remuneration Policy**

The Group employed approximately 6,940 employees as at 30th June, 2015 (*As at 30th June, 2014: Approximately 7,050*). Employee costs amounted to RMB394.3 million for the six months ended 30th June, 2015 (*Six months ended 30th June, 2014: RMB363.8 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.

## **Charge on Assets**

As at 30th June, 2015, bank borrowings of RMB88.5 million (*As at 31st December, 2014: RMB65 million*) were secured by the Group's buildings with net book values of approximately RMB52.9 million (*As at 31st December, 2014: RMB54.5 million*) and bank guaranteed note receivable of RMB50 million (*As at 31st December, 2014: Nil*).

In addition, as at 30th June, 2015, the Group pledged short-term bank deposits of RMB1,269 million (*As at 31st December, 2014: RMB990.6 million*) for issue of bank guaranteed notes to trade creditors, and RMB210.5 million (*As at 31st December, 2014: RMB210.5 million*) to secure bank loans granted to a related party of the Group.

As at 30th June, 2015, the Group had also pledged bank guaranteed notes receivable from third parties and affiliated companies of approximately RMB66.5 million (*As at 31st December, 2014: Approximately RMB115.3 million*) for issue of bank guaranteed notes.

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

Apart from those disclosed herein, there was no plan authorised by the board of directors of the Company (the "Board") for other material investments or additions of capital assets as at the date of this report.

## **Gearing Ratio**

As at 30th June, 2015, the gearing ratio, computed by dividing total liabilities by total equity attributable to equity holders of the Company, was approximately 0.44 (*As at 31st December, 2014: 0.43*). The increase in the gearing ratio was primarily due to the increase of financing from bank borrowings and the increase in accounts payable and notes payable during the six months ended 30th June, 2015.

## **Foreign Exchange Risks**

Despite a decrease in the overseas sales of the Group, the Group considers that exchange rate fluctuations may have some effect on the overall financial performance of the Group but it is still at a manageable level. The Group will continue to monitor the situation and may consider entering into hedging arrangements in order to minimise foreign exchange risks, if and when necessary. There were no outstanding hedging transactions as at 30th June, 2015 (*As at 30th June, 2014: Nil*).



## **Contingent Liabilities**

Pursuant to an agreement entered into between a member of the Group and Shenyang JinBei Automotive Co., Ltd. ("**JinBei**"), both parties agreed to provide cross guarantees to support each other in obtaining banking facilities up to a maximum amount of RMB600 million for each party (*As at 31st December, 2014: RMB600 million*) for the period from 1st January, 2015 to 31st December, 2015. As at 30th June, 2015, under this agreement, JinBei and its subsidiaries had outstanding bank loans and other banking facilities totalling RMB580 million (*As at 31st December, 2014: RMB586.5 million*) of which RMB200 million (*As at 31st December, 2014: RMB200 million*) and RMB380 million (*As at 31st December, 2014: RMB386.5 million*) were supported by the Group's bank deposits pledged to and corporate guarantee provided to the banks, respectively.

In addition, the Group had provided a corporate guarantee up to a maximum amount of RMB60 million (*As at 31st December, 2014: RMB100 million*) for the period from 1st January, 2015 to 31st December, 2015 for revolving bank loans and bank guaranteed notes to Shanghai Shenhua Holdings Co., Ltd. ("**Shanghai Shenhua**"). As at 30th June, 2015, RMB60 million (*As at 31st December, 2014: RMB60 million*) of this corporate guarantee was utilised by Shanghai Shenhua.

## **DIVIDEND**

The Board is pleased to declare a dividend of HK\$0.11 per ordinary share of the Company to shareholders whose names appear on the register of members of the Company as at 16th October, 2015 (*2014: HK\$0.11*). The dividend is expected to be paid on Wednesday, 28th October, 2015.

## **CLOSURE OF REGISTER OF MEMBERS**

The Hong Kong branch register of members of the Company will be closed from Wednesday, 14th October, 2015 to Friday, 16th October, 2015, both dates inclusive, during which period no transfer of shares will be registered. The record date for the dividend is Friday, 16th October, 2015. In order to qualify for the dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 13th October, 2015.

## UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the change in information of the directors of the Company since the date of the 2014 annual report is set out below:

- (1) each of Mr. Wu Xiao An (also known as Mr. Ng Siu On), Mr. Qi Yumin and Mr. Lei Xiaoyang was appointed as a director of Brilliance-BEA, a 55%-owned subsidiary of the Company, with effect from 7th April, 2015. Mr. Wu Xiao An was also appointed as the chairman of the board of directors of Brilliance-BEA on the same day; and
- (2) each of Mr. Wang Shiping and Mr. Lei Xiaoyang ceased to be a director of Shenyang XinJinBei Investment and Development Co., Ltd. ("SXID"), formerly an indirectly wholly-owned subsidiary of the Company, following the dissolution of SXID upon its merger with Shenyang JinBei Automotive Industry Holdings Co. Ltd., an indirectly wholly-owned subsidiary of the Company, on 9th June, 2014.

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

As at 30th June, 2015, so far as is known to the directors or chief executives of the Company, each of 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	Number and class of shares held/ Approximate shareholding percentage (Note 1)					
	Long	Short	Lending			
	Position	%	Position	%	Pool	%
Huachen Automotive Group Holdings Company Limited (Note 2)	2,135,074,988 ordinary	42.48	–	–	–	–
Templeton Asset Management Ltd. (Note 3)	852,016,176 ordinary	16.95	–	–	–	–

*Notes:*

1. The percentage of shareholding is calculated on the basis of 5,025,769,388 ordinary shares in issue as at 30th June, 2015.
2. The 2,135,074,988 shares in long position were held in the capacity as beneficial owner.
3. The 852,016,176 shares in long position were held in the capacity as investment manager.

Save as disclosed herein, as at 30th June, 2015, there was no other person so far 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, 2015, the interests and short positions of each director, chief executive and their respective 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 Stock Exchange 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 to be notified to the Company and the Stock Exchange, are set out below:

### The Company

Name of directors/ chief executives	Type of interests	Number and class of shares held/ Approximate shareholding percentage (Note 1)				Number of share options granted (Percentage of the Company's issued share capital) (Note 2)
		Long		Short		
		Position	%	Position	%	
Mr. Wu Xiao An	Personal	6,750,000 ordinary	0.13%	–	–	–
Mr. Qi Yumin	Personal	–	–	–	–	4,500,000 (0.09%) (Note 3)
Mr. Wang Shiping	Personal	–	–	–	–	1,500,000 (0.03%) (Note 3)
Mr. Lei Xiaoyang	Personal	300,000 ordinary	0.006%	–	–	1,500,000 (0.03%) (Note 3)

#### Notes:

1. The percentage of shareholding is calculated on the basis of 5,025,769,388 ordinary shares of the Company in issue as at 30th June, 2015.
2. The percentage represents the number of shares which may fall to be allotted and issued upon exercise of any subscription rights attaching to the share options granted by the Company based on the 5,025,769,388 ordinary shares of the Company in issue as at 30th June, 2015.
3. These share options are exercisable at any time during the 10-year period from 22nd December, 2008 at the subscription price of HK\$0.438 per share.

## 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		Short	
			Position	%	Position	%
Mr. Wu Xiao An	Xinchen China Power Holdings Limited ("Power Xinchen")	Trustee and interest in a controlled corporation (Note 2)	46,890,098 ordinary	3.64%	–	–
		Beneficial interest (in the fixed trust) (Note 3)	1,664,009 ordinary	0.13%	–	–
		Beneficial interest (in shares) (Note 4)	6,656,032 ordinary	0.52%	–	–

### Notes:

- The percentage of shareholding is calculated on the basis of 1,287,407,794 shares in issue of Power Xinchen as at 30th June, 2015.
- As at 30th June, 2015, Power Xinchen was indirectly held as to 31.07% by the Company. The 46,890,098 shares in long position are interests of a fixed trust and a discretionary trust under an incentive scheme of Power Xinchen. These two trusts altogether held 46,890,098 shares of Power Xinchen. Mr. Wu Xiao An is one of the trustees of the aforementioned trusts. Mr. Wu also held 50% interests in Lead In Management Limited which is also a trustee of the two trusts. Accordingly, Mr. Wu was deemed or taken to be interested in the 46,890,098 shares of Power Xinchen, representing approximately 3.64% of its issued share capital as at 30th June, 2015.
- Mr. Wu Xiao An was a beneficial owner of 1,664,009 shares of Power Xinchen, representing approximately 0.13% of its issued share capital as at 30th June, 2015, held under the fixed trust referred to in note (2) above.
- Mr. Wu Xiao An held 6,656,032 shares of Power Xinchen in the capacity of beneficial owner, representing approximately 0.52% of its issued share capital as at 30th June, 2015.

Save as disclosed above, as at 30th June, 2015, none of the directors, chief executives of the Company or their respective 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 Stock Exchange 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 to be notified to the Company and the Stock Exchange.

## SHARE OPTIONS

At a special general meeting held on 11th November, 2008, shareholders of the Company adopted a share option scheme (the “Share Option Scheme”).

The Share Option Scheme came into effect on 14th November, 2008 and will remain in force for a period of 10 years from 14th November, 2008. 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 summary of movements of the share options of the Company under the Share Option Scheme during the six months ended 30th June, 2015 is set out below:

Category and name of participants	Date of grant	Number of share options					Outstanding as at 30th June, 2015	Option period	Subscription price per share (HK\$)
		Outstanding as at 1st January, 2015	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period			
<b>Directors</b>									
Mr. Qi Yumin	22nd December, 2008 (Note)	4,500,000	-	-	-	-	4,500,000	22nd December, 2008 – 21st December, 2018	0.438
Mr. Wang Shipping	22nd December, 2008 (Note)	1,500,000	-	-	-	-	1,500,000	22nd December, 2008 – 21st December, 2018	0.438
Mr. Lei Xiaoyang	22nd December, 2008 (Note)	1,500,000	-	-	-	-	1,500,000	22nd December, 2008 – 21st December, 2018	0.438
<b>Employees (in aggregate)</b>	22nd December, 2008 (Note)	12,000,000	-	-	-	-	12,000,000	22nd December, 2008 – 21st December, 2018	0.438
<b>Others (in aggregate)</b>	22nd December, 2008 (Note)	1,500,000	-	-	-	-	1,500,000	22nd December, 2008 – 21st December, 2018	0.438
<b>Total</b>		21,000,000	-	-	-	-	21,000,000		

Note: The share options were granted on 22nd December, 2008 and vested immediately upon the grant and are exercisable within a period of 10 years. The closing price of the shares immediately before the date on which the options were granted was HK\$0.445 per share.

As no share options have been granted by the Company under the Share Option Scheme for the six months ended 30th June, 2015, no expenses were recognised by the Group for the period under review (*Six months ended 30th June, 2014: 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, 2015.

## **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 throughout the six months ended 30th June, 2015.

### **Major updates**

There have not been material changes to the information disclosed in the Company's 2014 annual report in respect of our corporate governance practices. Major updates since the 2014 annual report are summarised below.

#### *Retirement of directors*

Code provision A.4.2 states that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. According to bye-law 99, at every annual general meeting, one-third of the directors for the time being, or if their number is not three or in a multiple of three, then the number nearest to but not greater than one-third (or in such other manner of rotation as may be required by the Listing Rules), shall retire from office by rotation.

To comply with the code provision A.4.2 and in accordance with bye-law 99, Mr. Wu Xiao An, Mr. Qi Yumin and Mr. Xu Bingjin retired by rotation at the annual general meeting of the Company held on 2nd June, 2015 (the "2015 AGM").

Pursuant to code provision A.4.3 of Appendix 14 to the Listing Rules, serving more than 9 years could be relevant to the determination of a non-executive director's independence. If an independent non-executive director serves more than 9 years, his further appointment will be subject to a separate resolution to be approved by shareholders.

Our independent non-executive director, Mr. Xu Bingjin, was first appointed on 27th June, 2003 and has continuously served as independent non-executive director for more than 9 years. Mr. Xu's further appointment as our independent non-executive director was approved by our shareholders on 18th May, 2012. In accordance with code provision A.4.3, Mr. Xu Bingjin sought shareholders' approval for further appointment by way of a separate resolution at the 2015 AGM. Reasons why the Board believed Mr. Xu Bingjin is still independent were set out in the circular issued by the Company dated 22nd April, 2015.

Each of Mr. Wu Xiao An, Mr. Qi Yumin and Mr. Xu Bingjin were re-elected as directors of the Company by shareholders of the Company at the 2015 AGM.

#### *Communications with shareholders*

In accordance with the code provision E.1.2, (a) Mr. Wu Xiao An, the chairman of the Board and a member of the remuneration committee and nomination committee, (b) Mr. Qi Yumin, the chief executive officer and a member of the remuneration committee and nomination committee, (c) Mr. Xu Bingjin, the chairman of each of the audit committee, remuneration committee and nomination committee and an independent non-executive director, and (d) Mr. Song Jian, a member of the aforementioned three board committees and an independent non-executive director, attended the 2015 AGM to answer questions from shareholders. In addition, all other directors of the Company also attended the 2015 AGM.

Pursuant to the code provision E.1.2, the Company has invited representatives of the external auditors of the Company to attend the 2015 AGM to answer shareholders' questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

#### **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, 2015.

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

## **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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”). 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, 2015.

## **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. 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, 21st August, 2015