

**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



**2020**  
Interim Report

*\*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, 2020. The unaudited consolidated interim financial statements have been reviewed by the audit committee of the Board.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

		<b>(Unaudited)</b>	
		<b>For the six months ended</b>	
		<b>30th June,</b>	
		<b>2020</b>	<b>2019</b>
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	4	<b>1,450,056</b>	1,904,274
Cost of sales		<b>(1,372,713)</b>	(1,802,951)
<b>Gross profit</b>		<b>77,343</b>	101,323
Other income		<b>42,345</b>	93,944
Interest income		<b>96,528</b>	30,131
Selling expenses		<b>(96,607)</b>	(211,977)
General and administrative expenses		<b>(628,618)</b>	(264,739)
Finance costs	5	<b>(58,851)</b>	(36,381)
Share of results of:			
Joint ventures		<b>4,383,255</b>	3,552,380
Associates		<b>(52,675)</b>	2,895
<b>Profit before income tax expense</b>	6	<b>3,762,720</b>	3,267,576
Income tax expense	8	<b>(12,948)</b>	(205,976)
<b>Profit for the period</b>		<b>3,749,772</b>	3,061,600
<b>Attributable to:</b>			
Equity holders of the Company		<b>4,045,203</b>	3,229,996
Non-controlling interests		<b>(295,431)</b>	(168,396)
		<b>3,749,772</b>	3,061,600
<b>Earnings per share</b>	9		
– Basic		<b>RMB0.80178</b>	RMB0.64020
– Diluted		<b>RMB0.80178</b>	RMB0.64020

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited)	
	For the six months ended	
	30th June,	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit for the period</b>	<b>3,749,772</b>	3,061,600
<b>Other comprehensive income (expense) that will be subsequently reclassified to consolidated statement of profit or loss, net of tax</b>		
Share of other comprehensive income (expense) of a joint venture	739,260	(166,173)
Share of other comprehensive expense of an associate	(88)	–
Fair value (loss) gain on notes receivable at fair value through other comprehensive income (“FVOCI”)	(590)	2,728
	<b>738,582</b>	(163,445)
<b>Other comprehensive expense that will not be subsequently reclassified to consolidated statement of profit or loss, net of tax</b>		
Change in fair value of equity investments	(851)	(4,003)
	<b>737,731</b>	(167,448)
<b>Total comprehensive income for the period</b>	<b>4,487,503</b>	2,894,152
<b>Attributable to:</b>		
Equity holders of the Company	4,783,495	3,061,992
Non-controlling interests	(295,992)	(167,840)
	<b>4,487,503</b>	2,894,152

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) As at 30th June, 2020 RMB'000	(Audited) As at 31st December, 2019 RMB'000
	<i>Note</i>		
<b>Non-current assets</b>			
Intangible assets	11	941,953	946,557
Property, plant and equipment	11	1,979,342	2,239,030
Construction-in-progress	11	428,053	368,159
Land lease prepayments	11	81,223	82,281
Interests in joint ventures	12	26,677,536	21,555,021
Interests in associates	13	1,517,064	1,571,131
Equity investments	14	5,626	6,477
Long-term loan receivables	15	3,470,515	3,443,951
Other non-current assets		145,915	142,916
<b>Total non-current assets</b>		<b>35,247,227</b>	<b>30,355,523</b>
<b>Current assets</b>			
Cash and cash equivalents	16	3,454,545	6,828,533
Statutory deposit reserves at central bank		21,989	23,344
Short-term bank deposits		3,630,000	1,800,000
Pledged short-term bank deposits	17	2,264,747	2,793,923
Inventories		690,241	705,096
Accounts receivable	18	1,124,836	1,082,731
Notes receivable	19	188,773	169,269
Other current assets	20	6,938,896	5,711,585
<b>Total current assets</b>		<b>18,314,027</b>	<b>19,114,481</b>
<b>Current liabilities</b>			
Accounts payable	21	1,388,176	1,540,224
Notes payable	22	3,322,905	4,959,295
Other current liabilities	23	1,906,555	1,952,979
Short-term bank borrowings	24	6,648,000	6,292,000
Long-term bank borrowings due within one year	24	147,000	20,000
Income tax payable		11,027	40,625
<b>Total current liabilities</b>		<b>13,423,663</b>	<b>14,805,123</b>
<b>Net current assets</b>		<b>4,890,364</b>	<b>4,309,358</b>
<b>Total assets less current liabilities</b>		<b>40,137,591</b>	<b>34,664,881</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	23	166,636	169,429
Long-term bank borrowings	24	518,000	20,000
<b>Total non-current liabilities</b>		<b>684,636</b>	<b>189,429</b>
<b>Net assets</b>		<b>39,452,955</b>	<b>34,475,452</b>
<b>Capital and reserves</b>			
Share capital	25	397,176	397,176
Reserves	26	38,311,852	33,528,357
Total equity attributable to equity holders of the Company		38,709,028	33,925,533
Non-controlling interests		743,927	549,919
<b>Total equity</b>		<b>39,452,955</b>	<b>34,475,452</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30th June, 2019 (Unaudited)

	Attributable to the equity holders of the Company							Total equity attributable to the equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000		
	Issued capital RMB'000	Hedging reserve RMB'000	Share premium RMB'000	Investment revaluation reserve RMB'000	F/OCI reserve RMB'000	Cumulative translation adjustments reserve RMB'000	Difference arising from acquisition of non-controlling interests RMB'000				Capital reserve RMB'000	Retained earnings RMB'000
As at 1st January, 2019	397,176	(403,764)	2,476,082	(3,340)	(3,096)	39,179	(2,350,481)	120,000	30,807,988	31,079,744	745,078	31,824,822
Profit for the period	-	-	-	-	-	-	-	-	3,229,996	3,229,996	(168,396)	3,061,600
Other comprehensive expense	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive expense of a joint venture	-	(166,173)	-	-	-	-	-	-	-	(166,173)	-	(166,173)
Change in fair value of financial assets	-	-	-	(4,003)	2,172	-	-	-	-	(1,831)	556	(1,275)
	-	(166,173)	-	(4,003)	2,172	-	-	-	-	(168,004)	556	(167,448)
Total comprehensive income	-	(166,173)	-	(4,003)	2,172	-	-	-	3,229,996	3,061,992	(167,840)	2,894,152
As at 30th June, 2019	397,176	(569,937)	2,476,082	(7,343)	(924)	39,179	(2,350,481)	120,000	34,037,984	34,141,736	577,238	34,718,974

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

Six months ended 30th June, 2020 (Unaudited)

	Attributable to the equity holders of the Company							Total equity attributable to the equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000		
	Issued capital RMB'000	Hedging reserve RMB'000	Share premium RMB'000	Investment revaluation reserve RMB'000	FVOCI reserve RMB'000	Cumulative translation adjustments reserve RMB'000	Difference arising from acquisition of non-controlling interests RMB'000				Capital reserve RMB'000	Retained earnings RMB'000
As at 1st January, 2020	397,176	(548,845)	2,476,082	(9,156)	(1,216)	39,179	(2,350,461)	120,000	33,802,794	33,925,533	549,919	34,475,452
Transactions with equity holders of the Company	-	-	-	-	-	-	-	-	-	-	490,000	490,000
Capital contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	-	-	4,045,203	4,045,203	(295,461)	3,749,772
Other comprehensive income	-	739,260	-	-	-	-	-	-	-	739,260	-	739,260
Share of other comprehensive income of a joint venture	-	-	-	-	-	-	-	-	-	(88)	-	(88)
Share of other comprehensive expense of an associate	-	-	-	(85)	(29)	-	-	-	-	(800)	(561)	(1,441)
Change in fair value of financial assets	-	739,260	-	(85)	(117)	-	-	-	-	738,292	(561)	737,731
Total comprehensive income	-	739,260	-	(85)	(117)	-	-	-	4,045,203	4,763,465	(295,962)	4,467,503
As at 30th June, 2020	397,176	190,415	2,476,082	(10,007)	(1,333)	39,179	(2,350,461)	120,000	37,847,997	38,709,028	745,927	39,452,955

## CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>(Unaudited)</b>	
	<b>For the six months ended</b>	
	<b>30th June,</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Net cash used in operating activities</b>	<b>(3,211,171)</b>	<b>(1,670,489)</b>
<b>Net cash (used in) generated from investing activities</b>	<b>(1,351,394)</b>	<b>153,749</b>
<b>Net cash generated from financing activities</b>	<b>1,188,577</b>	<b>679,055</b>
<b>Decrease in cash and cash equivalents</b>	<b>(3,373,988)</b>	<b>(837,685)</b>
<b>Cash and cash equivalents, as at 1st January</b>	<b>6,828,533</b>	<b>2,310,459</b>
<b>Cash and cash equivalents, as at 30th June</b>	<b>3,454,545</b>	<b>1,472,774</b>



## NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. ORGANISATION AND OPERATIONS

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

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

### 2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES

These consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on 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 consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the consolidated annual financial statements for the year ended 31st December, 2019, except for the adoption of the new and revised HKFRSs (which include individual HKFRSs, HKASs and interpretations) as disclosed in note 3 to these consolidated interim financial statements.

These consolidated interim financial statements are unaudited and do not include all the information and disclosures required in the consolidated annual financial statements, and should be read in conjunction with the Group's consolidated annual financial statements for the year ended 31st December, 2019.

### 3. ADOPTION OF NEW AND AMENDED HKFRSs

In the current period, the Group has applied for the first time the following new and amended HKFRSs (the "**New and Amended HKFRSs**") issued by the HKICPA, which are relevant to the Group and are effective for the Group's consolidated financial statements for the annual financial period beginning on 1st January, 2020.

Amendments to HKFRS 3	Definition of Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material

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

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

#### 4. REVENUE AND SEGMENT INFORMATION

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

	(Unaudited)	
	For the six months ended	
	30th June,	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Sale of minibuses, MPVs and automotive components, net of consumption tax, discounts and return	1,152,822	1,687,009
Interest and service charge income from provision of auto financing service, net of other indirect taxes	<b>297,234</b>	217,265
	<b>1,450,056</b>	1,904,274

The Group has identified the following reportable segments:

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

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

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

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

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

4. REVENUE AND SEGMENT INFORMATION (Cont'd)

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

(Unaudited)					
	Manufacture and sale of minibuses, MPVs and automotive components <i>RMB'000</i>	Manufacture and sale of BMW vehicles <i>RMB'000</i>	Provision of auto financing service <i>RMB'000</i>	Reconciliation to the Group's consolidated statement of profit or loss and intersegment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Segment sales to external customers	1,152,822	80,900,375	303,717	(80,906,858)	1,450,056
Segment results	(649,928)	11,701,557	50,731	(11,693,696)	(591,336)
Unallocated costs net of unallocated revenue					(14,201)
Interest income					96,528
Finance costs					(58,851)
Share of results of:					
Joint ventures	-	4,383,255	-	-	4,383,255
Associates	(52,675)	-	-	-	(52,675)
Profit before income tax expense					<u>3,762,720</u>

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, 2019

(Unaudited)					
	Manufacture and sale of minibuses, MPVs and automotive components <i>RMB'000</i>	Manufacture and sale of BMW vehicles <i>RMB'000</i>	Provision of auto financing service <i>RMB'000</i>	Reconciliation to the Group's consolidated statement of profit or loss and intersegment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Segment sales to external customers	1,687,009	79,259,348	224,217	(79,266,300)	1,904,274
Segment results	(296,957)	9,487,612	28,090	(9,476,887)	(258,142)
Unallocated costs net of unallocated revenue					(23,307)
Interest income					30,131
Finance costs					(36,381)
Share of results of:					
Joint ventures	-	3,552,380	-	-	3,552,380
Associates	2,895	-	-	-	2,895
Profit before income tax expense					<u>3,267,576</u>

4. REVENUE AND SEGMENT INFORMATION (Cont'd)

The assets and liabilities by reportable segments as at 30th June, 2020

(Unaudited)					
	Manufacture and sale of minibuses, MPVs and automotive components <i>RMB'000</i>	Manufacture and sale of BMW vehicles <i>RMB'000</i>	Provision of auto financing service <i>RMB'000</i>	Reconciliation to the Group's consolidated statement of financial position and intersegment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	17,481,643	116,404,154	8,050,571	(116,759,847)	25,176,521
Interests in joint ventures	-	26,677,536	-	-	26,677,536
Interests in associates	1,517,064	-	-	-	1,517,064
Equity investments					5,626
Unallocated assets					184,507
<b>Total assets</b>					<b>53,561,254</b>
Segment liabilities	8,097,580	63,049,082	6,367,778	(63,415,868)	14,098,572
Unallocated liabilities					9,727
<b>Total liabilities</b>					<b>14,108,299</b>
Other disclosure:					
Impairment losses on assets	295,890	-	-	-	295,890

The assets and liabilities by reportable segments as at 31st December, 2019

(Audited)					
	Manufacture and sale of minibuses, MPVs and automotive components <i>RMB'000</i>	Manufacture and sale of BMW vehicles <i>RMB'000</i>	Provision of auto financing service <i>RMB'000</i>	Reconciliation to the Group's consolidated statement of financial position and intersegment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	18,734,602	116,080,980	7,752,825	(116,435,143)	26,133,264
Interests in joint ventures	-	21,555,021	-	-	21,555,021
Interests in associates	1,571,131	-	-	-	1,571,131
Equity investments					6,477
Unallocated assets					204,111
<b>Total assets</b>					<b>49,470,004</b>
Segment liabilities	9,240,705	72,970,938	6,107,833	(73,335,412)	14,984,064
Unallocated liabilities					10,488
<b>Total liabilities</b>					<b>14,994,552</b>
Other disclosure:					
Impairment losses on assets	283,747	172,517	-	(172,517)	283,747

## 5. FINANCE COSTS

	(Unaudited)	
	For the six months ended	
	30th June,	
	2020	2019
	RMB'000	RMB'000
Interest expense on:		
– Bank borrowings	34,053	20,039
– Discounted bank guaranteed notes/net loss arising on FVOCI	24,104	15,396
– Finance charges on lease liabilities	1,798	2,157
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	59,955	37,592
Less: interest expense capitalised in intangible assets and construction-in-progress at the rate of 5.7% per annum (2019: 5.7% per annum)	(1,104)	(1,211)
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	58,851	36,381

## 6. 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,	
	2020	2019
	RMB'000	RMB'000
<b>Charging:</b>		
Expected credit loss ("ECL") allowance for:		
– Loan receivables (b)	33,328	24,348
– Other receivables (b)	441	–
– Other receivables grouped under non-current assets (b)	3	–
– Accounts receivable from affiliated companies (b)	3,981	–
– Amounts due from affiliated companies (b)	1,255	–
Cost of inventories	1,232,291	1,728,686
Impairment losses on owned assets:		
– Intangible assets (b)	106,229	–
– Property, plant and equipment and construction-in-progress (b)	189,661	–
Amortisation of intangible assets (a)	54,006	58,480
Amortisation of land lease prepayments	1,058	1,058
Depreciation of property, plant and equipment:		
– Owned assets	135,448	121,665
– Right-of-use assets	11,625	11,564
Staff costs (including directors' emoluments) (note 7)	319,975	405,667
Provision for inventories	2,932	1,315
Research and development costs (b)	52,521	52,631
Warranty provision	4,873	9,642
Lease charges:		
– Short-term leases with lease term of 12 months or shorter	5,990	5,495
– Low value items	191	234
Loss on disposal of property, plant and equipment	2,897	1,036
Exchange loss, net (b)	–	1,428
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<b>Crediting:</b>		
Exchange gain, net (b)	9,297	–
Rental income from land and buildings	2,355	2,632
Reversal of ECL allowance for:		
– Accounts receivable (b)	513	1,715
– Accounts receivable from affiliated companies (b)	–	3,197
– Amounts due from affiliated companies (b)	–	61,183
– Other receivables (b)	–	14,949
– Other receivables grouped under other non-current assets (b)	–	29
Write back of provision for inventories sold	6,554	38,606
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(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.

## 7. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	<b>(Unaudited)</b>	
	<b>For the six months ended</b>	
	<b>30th June,</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Wages, salaries and performance related bonus	<b>251,563</b>	307,491
Pension costs – defined contribution plans	<b>17,851</b>	39,954
Staff welfare costs	<b>50,561</b>	58,222
	<hr/>	<hr/>
	<b>319,975</b>	405,667

## 8. INCOME TAX EXPENSE

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

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

## 9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company for the six months ended 30th June, 2020 of approximately RMB4,045,203,000 (*Six months ended 30th June, 2019: approximately RMB3,229,996,000*) by the weighted average number of ordinary shares of 5,045,269,000 shares (*Six months ended 30th June, 2019: 5,045,269,000 shares*).

Diluted earnings per share is the same as basic earnings per share for the six months ended 30th June, 2020 as there was no potential dilutive ordinary share in issue during the period (*Six months ended 30th June, 2019: same*).

There were no dilutive potential ordinary shares outstanding as at 30th June, 2020 (*Six months ended 30th June, 2019: same*).

## 10. DIVIDENDS

On 13th July, 2020, the Board declared at the board meeting a dividend of HK\$0.11 per share (*2019: HK\$0.11 per share*) totaling approximately HK\$554,980,000 (*2019: approximately HK\$554,980,000*) or approximately RMB501,646,000 (*2019: approximately RMB487,611,000*) and a special dividend of HK\$0.30 per share (*2019: HK\$0.74 per share*) totaling approximately HK\$1,513,581,000 (*2019: approximately HK\$3,733,499,000*) or approximately RMB1,368,126,000 (*2019: approximately RMB3,280,290,000*).

11. CAPITAL EXPENDITURES

	(Unaudited)			
	Intangible assets <i>RMB'000</i>	Property, plant and equipment <i>RMB'000</i>	Construction -in-progress <i>RMB'000</i>	Land lease prepayments <i>RMB'000</i>
Net book value as at 1st January, 2020	946,557	2,239,030	368,159	82,281
Additions	152,951	33,120	112,951	–
Transfer	2,680	35,929	(38,609)	–
Disposals/Write-off	–	(6,451)	–	–
Amortisation/Depreciation	(54,006)	(147,073)	–	(1,058)
Impairment	(106,229)	(175,213)	(14,448)	–
<b>Net book value as at 30th June, 2020</b>	<b>941,953</b>	<b>1,979,342</b>	<b>428,053</b>	<b>81,223</b>

As at 30th June, 2020, included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	Carrying amount		Depreciation	
	(Unaudited) As at 30th June, 2020 <i>RMB'000</i>	(Audited) As at 31st December, 2019 <i>RMB'000</i>	(Unaudited) For the six months ended 30th June, 2020 <i>RMB'000</i>	(Audited) As at 31st December, 2019 <i>RMB'000</i>
Buildings	83,529	80,980	11,615	11,554
Motor vehicles	30	40	10	10
	<b>83,559</b>	81,020	<b>11,625</b>	11,564

During the six months ended 30th June, 2020, the total additions to and net book value disposed of for right-of-use assets included in property, plant and equipment, which are included under buildings, amounted to approximately RMB15,055,000 (Six months ended 30th June, 2019: approximately RMB759,000) and RMB891,000 (Six months ended 30th June, 2019: nil), respectively.

12. INTERESTS IN JOINT VENTURES

	(Unaudited)	(Audited)
	As at 30th June, 2020 <i>RMB'000</i>	As at 31st December, 2019 <i>RMB'000</i>
Share of net assets by equity method		
– Unlisted joint ventures	<b>26,677,536</b>	21,555,021

## 12. INTERESTS IN JOINT VENTURES (Cont'd)

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

	(Unaudited) As at 30th June, 2020 RMB'000	(Audited) As at 31st December, 2019 RMB'000
Non-current assets	59,975,334	58,416,480
Current assets	56,428,820	57,664,500
Current liabilities	(51,715,275)	(62,350,479)
Non-current liabilities	(11,333,807)	(10,620,459)
	<hr/>	<hr/>
Net assets	53,355,072	43,110,042
	<hr/>	<hr/>
Proportion of the Group's ownership interest in BBA	50%	50%
	<hr/>	<hr/>
Carrying amount of the Group's interest in BBA	26,677,536	21,555,021
	<hr/>	<hr/>

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

	(Unaudited) For the six months ended 30th June, 2020 RMB'000		2019 RMB'000
Revenue	80,900,375	79,259,348	
	<hr/>	<hr/>	
Profit for the period	8,766,509	7,104,410	
	<hr/>	<hr/>	
Dividends received from the joint venture	-	5,000,000	
	<hr/>	<hr/>	

## 13. INTERESTS IN ASSOCIATES

	(Unaudited) As at 30th June, 2020 RMB'000	(Audited) As at 31st December, 2019 RMB'000
Share of net assets by equity method and goodwill		
– Associates listed in Hong Kong	956,655	981,300
– Unlisted associates	560,409	589,831
	<hr/>	<hr/>
	1,517,064	1,571,131
	<hr/>	<hr/>
Fair value of investment in associates listed in Hong Kong	109,573	140,010
	<hr/>	<hr/>



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

There is no associate that is individually material to the Group. The Group's share of aggregate financial information of the associates for the six months ended 30th June, 2020 is summarised as follows:

	(Unaudited)	
	For the six months ended	
	30th June,	
	2020	2019
	RMB'000	RMB'000
Net (loss) profit and other comprehensive income attributable to the Group	(52,675)	2,895
Dividends received from associates	-	84,000

### 14. EQUITY INVESTMENTS

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2020	2019
	RMB'000	RMB'000
Financial assets of FVOCI (non-recycling)		
– Unlisted equity investment	4,138	4,138
– Listed equity investment in Hong Kong	1,488	2,339
	5,626	6,477

### 15. LOAN RECEIVABLES

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2020	2019
	RMB'000	RMB'000
Loan receivables from customers	7,044,626	6,967,777
Less: ECL allowance	(115,010)	(109,315)
	6,929,616	6,858,462
Less: current portion (note 20)	(3,459,101)	(3,414,511)
	3,470,515	3,443,951
Long-term loan receivables		
Gross loan receivables recoverable:		
– No later than one year	3,517,718	3,471,706
– Later than one year and no later than five years	3,526,908	3,496,071
	7,044,626	6,967,777

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

15. **LOAN RECEIVABLES (Cont'd)**

As at 31st December, 2019, included in loan receivables was an outstanding balance of approximately RMB2,011,000 due from an affiliated company of Shanghai Shenhua Holdings Co., Ltd. ("**Shanghai Shenhua**") for auto financing.

BBAFC has joint auto financing service with an affiliated company of a non-controlling interest of BBAFC ("**Joint Lender**"). The credit risk under this joint auto financing to the Group is only up to the amount financed by the Group and motor vehicles secured by retail borrowers are also shared proportionately between the Group and the Joint Lender in case of default by the retail borrowers. As at 30th June, 2020, loan receivables of approximately RMB48,991,000 (*As at 31st December, 2019: approximately RMB30,102,000*) were the outstanding balances to the Group under this joint auto financing arrangement.

16. **CASH AND CASH EQUIVALENTS**

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

17. **PLEGDED SHORT-TERM BANK DEPOSITS**

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

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Issue of bank guaranteed notes to trade creditors ( <i>Note</i> )	2,054,158	2,583,334
Bank loans granted to Shenyang JinBei Automotive Co., Ltd. (" <b>JBC</b> ")	210,530	210,530
Joint auto financing arrangement ( <i>note 15</i> )	59	59
	<b>2,264,747</b>	<b>2,793,923</b>

*Note:* In addition to short-term bank deposits, as at 30th June, 2020, the Group had also pledged bank guaranteed notes receivable from third parties and related parties of approximately RMB47.9 million (*As at 31st December, 2019: approximately RMB31.3 million*) to secure the issue of bank guaranteed notes.

18. **ACCOUNTS RECEIVABLE**

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Accounts receivable	420,061	384,754
Accounts receivable from affiliated companies ( <i>note 27(c)</i> )	704,775	697,977
	<b>1,124,836</b>	<b>1,082,731</b>

## 18. ACCOUNTS RECEIVABLE (Cont'd)

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

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Less than six months	364,517	333,196
Six months to one year	10,662	11,332
Above one year but less than two years	18,813	9,332
Above two years but less than five years	22,595	25,549
Five years or above	34,320	50,580
	<hr/>	<hr/>
	450,907	429,989
Less: ECL allowance	(30,846)	(45,235)
	<hr/>	<hr/>
	420,061	384,754

As at 30th June, 2020, accounts receivable from third parties of approximately RMB47.9 million (*As at 31st December, 2019: approximately RMB61 million*) were substantially denominated in U.S. Dollar or Euro and the rest were denominated in Renminbi.

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

## 19. NOTES RECEIVABLE

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Notes receivable	173,413	124,719
Notes receivable from affiliated companies ( <i>note 27(d)</i> )	15,360	44,550
	<hr/>	<hr/>
	188,773	169,269

All notes receivable are denominated in Renminbi and are primarily notes received from customers for settlement of accounts receivable balances. As at 30th June, 2020, all notes receivable were guaranteed by established banks in the PRC with maturities of less than six months from 30th June, 2020 (*As at 31st December, 2019: same*).

The Group does not hold the notes receivable until maturity but endorses or discounts these notes receivable before maturity for the settlement of the Group's creditors. Accordingly, these notes receivable are classified as financial assets at FVOCI (recycling) and are stated at fair value. The fair value is based on the net present value at 30th June, 2020 from expected timing of endorsements and discounting at the interest rates for the respective notes receivable (*As at 31st December, 2019: same*). The fair value is within level 2 of the fair value hierarchy.

20. OTHER CURRENT ASSETS

		(Unaudited) As at 30th June, 2020 RMB'000	(Audited) As at 31st December, 2019 RMB'000
Other receivables	20(a)	470,109	1,134,885
Prepayments and other current assets		1,336,810	78,564
Other taxes recoverable		76,815	79,153
Amounts due from affiliated companies	27(e)	1,578,961	987,372
Dividend receivable from an affiliated company	27(f)	17,100	17,100
Short-term loan receivables	15	3,459,101	3,414,511
		<b>6,938,896</b>	<b>5,711,585</b>

(a) Other receivables

		(Unaudited) As at 30th June, 2020 RMB'000	(Audited) As at 31st December, 2019 RMB'000
Loans to a third party		240,000	900,000
Others		326,128	316,586
		<b>566,128</b>	<b>1,216,586</b>
Less: ECL allowance		<b>(96,019)</b>	<b>(81,701)</b>
		<b>470,109</b>	<b>1,134,885</b>

As at 31st December, 2019, the loan of RMB900,000,000 to a third party which were unsecured, interest bearing at rates from 4.0% to 4.35% per annum have been fully settled. The new loan of RMB240,000,000 which is unsecured and interest bearing at rate of 4.0% is made to a same party and repayable by June 2021.

The other items in other receivables mainly represent prepayments and deposits paid and advanced to other third parties.

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

21. ACCOUNTS PAYABLE

		(Unaudited) As at 30th June, 2020 RMB'000	(Audited) As at 31st December, 2019 RMB'000
Accounts payable		912,116	1,101,935
Accounts payable to affiliated companies (note 27(g))		476,060	438,289
		<b>1,388,176</b>	<b>1,540,224</b>

21. **ACCOUNTS PAYABLE (Cont'd)**

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

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Less than six months	617,451	704,055
Six months to one year	44,679	69,717
Above one year but less than two years	66,273	53,713
Two years or above	183,713	274,450
	<b>912,116</b>	<b>1,101,935</b>

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

22. **NOTES PAYABLE**

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Notes payable	3,317,209	4,953,873
Notes payable to affiliated companies (note 27(h))	5,696	5,422
	<b>3,322,905</b>	<b>4,959,295</b>

23. **OTHER LIABILITIES**

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	Note	
Contract liabilities	102,014	60,824
Others payable	1,018,984	1,033,357
Security deposits for wholesale auto financing	15,301	37,350
Accrued expenses	120,467	143,071
Deferred income	140,691	191,497
Other taxes payable	20,206	19,308
Provision for warranty	23(a) 24,320	28,596
Deferred government grants	23(b) 96,645	99,085
Lease liabilities	23(c) 82,430	78,981
Amounts due to affiliated companies	27(i) 452,133	430,339
	<b>2,073,191</b>	<b>2,122,408</b>
Less: non-current portion	<b>(166,636)</b>	<b>(169,429)</b>
Current portion	<b>1,906,555</b>	<b>1,952,979</b>

23. OTHER LIABILITIES (Cont'd)

(a) Provision for warranty

	(Unaudited) As at 30th June, 2020 RMB'000	(Audited) As at 31st December, 2019 RMB'000
Warranty to be provided		
– Within one year	12,665	13,675
– Over one year	11,655	14,921
	<b>24,320</b>	<b>28,596</b>

(b) Deferred government grants

	(Unaudited) As at 30th June, 2020 RMB'000	(Audited) As at 31st December, 2019 RMB'000
Government grants to be recognised as income		
– Within one year	4,879	4,879
– Over one year	91,766	94,206
	<b>96,645</b>	<b>99,085</b>

(c) Lease liabilities

	(Unaudited) As at 30th June, 2020 RMB'000	(Audited) As at 31st December, 2019 RMB'000
Total minimum lease payments		
– Due within one year	22,646	21,924
– Due in the second and to fifth years	36,603	32,431
– Due after fifth years	47,342	49,247
	<b>106,591</b>	<b>103,602</b>
Less: finance charges on lease liabilities	<b>(24,161)</b>	<b>(24,621)</b>
Present value of lease liabilities	<b>82,430</b>	<b>78,981</b>
Present value of minimum lease payments		
– Due within one year	19,215	18,679
– Due in the second and to fifth years	27,802	23,865
– Due after fifth years	35,413	36,437
	<b>82,430</b>	<b>78,981</b>
Less: portion due within one year included under current liabilities	<b>(19,215)</b>	<b>(18,679)</b>
Portion due after one year included under non-current liabilities	<b>63,215</b>	<b>60,302</b>

As at 30th June, 2020 and 31st December, 2019, some lease liabilities are effectively secured by the related underlying assets as the right-to-use assets would be reverted to the lessors in the event of default of repayment by the Group.

## 24. BANK BORROWINGS

	(Unaudited) As at 30th June, 2020 RMB'000	(Audited) As at 31st December, 2019 RMB'000
<i>Short-term bank borrowings:</i>		
Secured bank borrowings	74,000	91,000
Unsecured bank borrowings	6,574,000	6,201,000
	<b>6,648,000</b>	<b>6,292,000</b>
<i>Long-term bank borrowings due within one year:</i>		
Secured bank borrowings	20,000	20,000
Unsecured bank borrowings	127,000	–
	<b>147,000</b>	<b>20,000</b>
<i>Long-term bank borrowings:</i>		
Secured bank borrowings	10,000	20,000
Unsecured bank borrowings	508,000	–
	<b>518,000</b>	<b>20,000</b>
	<b>7,313,000</b>	<b>6,332,000</b>

All short-term bank borrowings as at 30th June, 2020 were interest-bearing at rates ranging from 3.50% to 8.00% per annum (As at 31st December, 2019: 3.95% to 6.00% per annum) and repayable from 1st July, 2020 to 29th June, 2021 (As at 31st December, 2019: repayable from 7th January, 2020 to 23rd December, 2020).

As at 30th June, 2020, secured short-term bank borrowings are secured by the Group's land lease prepayments with a net book value of approximately RMB2.1 million (As at 31st December, 2019: approximately RMB2.1 million), buildings, tools and moulds, machinery and equipment and construction-in-progress with an aggregate net book values of approximately RMB197.1 million (As at 31st December, 2019: approximately RMB208.0 million).

All long-term bank borrowings as at 30th June, 2020 were interest-bearing at rates from 4.1% to 5.23% per annum (As at 31st December, 2019: 5.23% per annum), repayable from 20th September, 2020 to 20th June, 2021 (As at 31st December, 2019: repayable from 20th March, 2020 to 20th December, 2020) for the portion due within one year and from 1st December, 2021 to 15th May, 2022 (As at 31st December, 2019: repayable on 1st December, 2021) for the portion due over one year. The secured long-term bank borrowings are secured by the Group's land lease prepayments with a net book value of approximately RMB29.7 million (As at 31st December, 2019: approximately RMB30.0 million) and buildings, plant and equipment with an aggregate net book value of approximately RMB52.6 million (As at 31st December, 2019: approximately RMB33.5 million).

Included in short-term unsecured bank borrowings is a bank borrowing of RMB700 million (As at 31st December, 2019: RMB700 million) from a non-controlling interest of BBAFC. The interest incurred on the respective bank borrowing for the six months ended 30th June, 2020 amounted to approximately RMB17.5 million (Six months ended 30th June, 2019: approximately RMB10.2 million).

## 25. SHARE CAPITAL

	(Unaudited) As at 30th June, 2020		(Audited) As at 31st December, 2019	
	Number of shares '000	Amount US\$'000	Number of shares '000	Amount US\$'000
Authorised:				
Ordinary shares at par value of US\$0.01 each	8,000,000	80,000	8,000,000	80,000

25. **SHARE CAPITAL (Cont'd)**

	<b>(Unaudited)</b>		<b>(Audited)</b>	
	<b>As at 30th June, 2020</b>		<b>As at 31st December, 2019</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				
At beginning of period/year and reporting date	<b>5,045,269</b>	<b>397,176</b>	5,045,269	397,176

The Company had no outstanding share option at both 30th June, 2020 and 31st December, 2019.

26. **RESERVES**

(a) **Hedging reserve**

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

(b) **Capital reserve**

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

(c) **Retained earnings**

The Group's retained earnings at 30th June, 2020 included an amount of approximately RMB1,670,976,000 (*As at 31st December, 2019: approximately RMB1,660,423,000*) reserved by the subsidiaries in the PRC in accordance with relevant PRC regulations. The PRC laws and regulations require companies registered in the PRC to allocate 10% of their profits after tax (determined under PRC GAAP) to their respective statutory reserves. No allocation to the statutory reserves is required after the balance of such reserve reaches 50% of the registered capital of the respective companies. The statutory surplus reserves shall only be used to make up losses of the company, to expand the Company's production operations, or to increase the capital of the Company.

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

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

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



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

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

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

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

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

	<b>(Unaudited)</b>	
	<b>For the six months ended</b>	
	<b>30th June,</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Sales of goods to:		
– Huachen and its affiliated companies	<b>109,632</b>	221,114
Purchases of goods and services from:		
– Renault SAS	<b>129,812</b>	88,914
– Huachen and its affiliated companies	<b>89,631</b>	247,732
Comprehensive services provided to:		
– Huachen and its affiliated companies	<b>15,604</b>	21,881
Rental income from <i>(Note)</i> :		
– Huachen	<b>1,839</b>	1,839
Lease payments rent to <i>(Note)</i> :		
– Huachen	<b>1,783</b>	1,705

*Note:* Other than approximately RMB1,783,000 (2019: approximately RMB1,705,000) lease payments to Huachen, the rental income from Huachen constitutes continuing connected transactions but was exempt from the requirements of reporting, annual review, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules.

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

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

	(Unaudited)	
	For the six months ended	
	30th June,	
	2020	2019
	RMB'000	RMB'000
Sales of goods:		
– Shanghai Shenhua and its affiliated companies	19,806	56,762
– Joint ventures	3,297	4,246
– Associates	12,058	16,895
Purchases of goods:		
– Joint ventures	612	1,109
– Associates	143,798	146,170
Other transactions:		
Comprehensive services provided for a joint venture	10,493	–
Interest income from:		
– An associate	20,429	6,147
– Xinhua Investment Holdings Limited ("Xinhua Investment")	4,667	4,450
Interest to a non-controlling interest of BB AFC	17,521	10,240
Service fee from a non-controlling interest of BB AFC	5,276	1,764
Other income from affiliated companies of Shanghai Shenhua	2,353	2,042
Lease payments rent to Shanghai Shenhua	335	296
Purchases of property, plant and equipment from associates	1,035	–

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

- (c) As at 30th June, 2020, the Group's accounts receivable from affiliated companies consisted of the following:

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2020	2019
	RMB'000	RMB'000
Accounts receivable from related parties:		
– Shanghai Shenhua and its affiliated companies	10,416	10,416
– Huachen and its affiliated companies	702,440	691,615
– Associates	14,354	18,512
– Joint ventures	8,530	4,418
– An affiliated company of a shareholder of a joint venture	340	340
	<b>736,080</b>	<b>725,301</b>
Less: ECL allowance	<b>(31,305)</b>	<b>(27,324)</b>
	<b>704,775</b>	<b>697,977</b>

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

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

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

(c) (Cont'd)

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

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2020	2019
	RMB'000	RMB'000
Less than six months	119,895	153,804
Six months to one year	130,649	429,722
Above one year but less than two years	424,385	81,344
Above two years but less than five years	40,148	39,476
Five years or above	21,003	20,955
	<b>736,080</b>	<b>725,301</b>

(d) As at 30th June, 2020, the Group's notes receivable from affiliated companies arising from trading activities consisted of the following:

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2020	2019
	RMB'000	RMB'000
Notes receivable from related parties:		
– Shanghai Shenhua and its affiliated companies	6,974	8,204
– Associates	3,291	29,430
– Huachen and its affiliated companies	5,095	6,916
	<b>15,360</b>	<b>44,550</b>

All notes receivable from affiliated companies are guaranteed by established banks in the PRC and have maturities of six months or less from 30th June, 2020 (As at 31st December, 2019: same).

For the same reason as stated in note 19, the notes receivable from affiliated companies are classified as financial assets at FVOCI (recycling) and stated at fair value. The fair value is within level 2 of the fair value hierarchy.

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

(e) As at 30th June, 2020, the amounts due from affiliated companies consisted of:

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Amounts due from related parties:		
– Joint ventures	7,996	11,411
– Associates	955,350	462,824
– An affiliated company of Shanghai Shenhua	37	70
– Huachen and its affiliated companies	232,835	150,053
– Xinhua Investment	394,119	384,431
– Non-controlling interest of a subsidiary	12,499	1,969
	<hr/>	
	1,602,836	1,010,758
Less: ECL allowance	(23,875)	(23,386)
	<hr/>	
	1,578,961	987,372
	<hr/>	

Amounts due from affiliated companies are unsecured, non-interest bearing and repayable on demand, except for approximately RMB394,119,000 (As at 31st December, 2019: approximately RMB384,431,000) due from Xinhua Investment, a shareholder of Xinchun China Power Holdings Limited ("Power Xinchun"), an associate of the Group and RMB858,000,000 (As at 31st December, 2019: RMB368,000,000) due from an associate of the Group.

The amount due from Xinhua Investment is secured by all its assets, interest-bearing at 3% per annum on the principal and repayable in August 2020. On 21st August, 2020, an agreement was entered into between Xinhua Investment and the Company that the repayment of the amount was further extended to August 2021.

RMB858,000,000 (As at 31st December, 2019: RMB368,000,000) due from an associate is unsecured, including interest-bearing at 5.10% per annum on RMB68,000,000, repayable on 12th May, 2021 (As at 31st December, 2019: RMB68,000,000, repayable on 12th May, 2020), 4.35% per annum on RMB190,000,000, repayable on 26th December, 2020 (As at 31st December, 2019: RMB300,000,000, repayable on 26th December, 2020) and 8.10% per annum on RMB600,000,000, repayable within one year on 18th March, 2021 to 21st April, 2021 (As at 31st December, 2019: nil).

(f) As at 30th June, 2020, dividend receivable from an affiliated company represents dividend receivable from an associate of the Group (2019: same).

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

(g) As at 30th June, 2020, accounts payable to affiliated companies arising from trading activities consisted of the following:

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Accounts payable to related parties:		
– Associates	162,443	146,467
– Joint ventures	1,929	1,933
– Huachen and its affiliated companies	302,864	281,824
– An affiliated company of BHL	364	364
– Shanghai Shenhua and its affiliated companies	8,457	7,698
– An affiliated company of a shareholder of a joint venture	3	3
	<b>476,060</b>	<b>438,289</b>

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 31st
	30th June,	December,
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Less than six months	276,116	272,570
Six months to one year	102,497	98,803
Above one year but less than two years	54,234	25,243
Two years or above	43,213	41,673
	<b>476,060</b>	<b>438,289</b>

(h) As at 30th June, 2020, the Group's notes payable to affiliated companies arising from trading activities consisted of the following:

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Notes payable to related parties:		
– Associates	5,207	3,357
– Huachen and its affiliated companies	489	2,065
	<b>5,696</b>	<b>5,422</b>

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

- (i) As at 30th June, 2020, amounts due to affiliated companies consisted of the following:

	(Unaudited)	(Audited)
	As at	As at 31st
	30th June,	December,
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Amounts due to related parties:		
– An associate	4,286	3,944
– Huachen and its affiliated companies	322,763	326,899
– Affiliated companies of BHL	28,448	28,412
– Affiliated companies of Shanghai Shenhua	5,605	4,297
– Non-controlling interests of subsidiaries	91,031	66,787
	<hr/>	<hr/>
	452,133	430,339

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

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

	(Unaudited)	
	For the six months ended	
	30th June,	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Short-term employee benefits	13,120	11,936
	<hr/>	<hr/>

- (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 automobiles and automotive components, purchases of raw materials and automotive components, and utilities services.

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

28. COMMITMENTS

(a) Capital commitments

	(Unaudited) As at 30th June, 2020 RMB'000	(Audited) As at 31st December, 2019 RMB'000
Contracted but not provided for:		
– Construction projects	168,531	78,800
– Acquisition of plant and machinery	611,924	589,714
– Others	388,310	375,398
	<b>1,168,765</b>	<b>1,043,912</b>

(b) Operating lease commitments

*As lessee*

As at 30th June, 2020, the lease commitments for short-term leases are as follows:

	(Unaudited) As at 30th June, 2020 RMB'000	(Audited) As at 31st December, 2019 RMB'000
Within one year	1,469	1,105
In the second to fifth years inclusive	–	1,110
	<b>1,469</b>	<b>2,215</b>

*As lessor*

As at 30th June, 2020, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of land use rights as follows:

	(Unaudited) As at 30th June, 2020 RMB'000	(Audited) As at 31st December, 2019 RMB'000
Within one year	2,835	5,173
In the second to fifth years inclusive	1,550	1,279
Over five years	1,615	–
	<b>6,000</b>	<b>6,452</b>

29. CONTINGENT LIABILITIES

Pursuant to an agreement dated 20th December, 2019 entered into between a member of the Group and JBC, 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, 2019: RMB600 million*) for the period from 1st January, 2020 to 31st December, 2020. As at 30th June, 2020, under this agreement, outstanding bank loans and other banking facilities totaling RMB206 million (*As at 31st December, 2019: RMB206 million*) were utilised and was supported by the Group's bank deposits pledged to the banks.

## MANAGEMENT'S DISCUSSION & ANALYSIS

### Business Discussion and Analysis

The unaudited consolidated revenues of the Group (which comprised primarily net sales derived from the businesses operated by our major operating subsidiaries including RBJAC, Xing Yuan Dong, and BBAFC) for the first six months of 2020 was RMB1,450.1 million, representing a decrease of 23.9% from the RMB1,904.3 million generated during the same period in 2019. The decrease in revenues was mainly due to a drop in the sales volumes of minibuses and MPVs during the period. The effect of this decrease was offset partly by the increase in revenue from the provision of auto financing service.

RBJAC sold 11,733 minibuses and MPVs in the first half of 2020, representing a 42.0% decrease from the 20,234 units sold during the same period in 2019. Out of the minibuses sold, 10,782 units were Haise minibuses, representing a decrease of 40.5% from 18,132 units sold during the first six months of 2019. Furthermore, sales volume of the Granse MPV also decreased by 33.4% from 1,428 units for the first half of 2019 to 951 units for the same period in 2020. The decreases in the sales volumes of Haise and Granse were mainly due to the pandemic-induced lockdown imposed on dealerships during the first quarter of the year, which had prevented the sale of RBJAC's products and negatively affected its sales.

Unaudited cost of sales decreased by 23.9% from RMB1,803.0 million in the first six months of 2019 to RMB1,372.7 million for the same period in 2020. As a result, the unaudited gross profit of the Group decreased by 23.7% from RMB101.3 million in the first six months of 2019 to RMB77.3 million for the same period in 2020. Consequently, the unaudited gross profit margin of the Group had stayed constant at 5.3% in the first half of 2020 versus the same period in 2019.

Unaudited other income decreased by 55.0% from RMB93.9 million in the first six months of 2019 to RMB42.3 million for the same period in 2020. The decrease was mainly due to a decrease of the sale of scrap materials as a result of a decrease in overall vehicle sale.

Unaudited interest income increased by 220.6% from RMB30.1 million in the first six months of 2019 to RMB96.5 million for the same period in 2020 due to an increase of bank interest income in the first six months of 2020 incurred from the additional paid-up capital contributed by the non-controlling interests of RBJAC, and dividend income received from BBA near the end of 2019. In addition, there was also an increase in interest income from advances to a third party and affiliated companies.

Unaudited selling expenses decreased by 54.4% from RMB212.0 million in the first half of 2019 to RMB96.6 million for the same period in 2020. The decrease in selling expenses was driven mainly by the decrease of advertising and transportation expenses due to reduced business activity and lower sales of minibuses. As a result, selling expenses as a percentage of revenue decreased from 11.1% to 6.7% as compared to the same period in 2019.



Unaudited general and administrative expenses increased by 137.5% from RMB264.7 million in the first six months of 2019 to RMB628.6 million for the same period in 2020 mainly due to the recognition of impairment loss for intangible assets and property, plant and equipment. As a result, general and administrative expenses as a percentage of revenue have increased from 13.9% in the first half of 2019 to 43.3% for the same period in 2020.

Unaudited finance costs increased by 61.8% from RMB36.4 million for the first six months of 2019 to RMB58.9 million for the same period in 2020, due to increase in bank borrowings and use of bank guaranteed notes.

The Group's unaudited share of result of joint venture represents contribution from BBA. Unaudited net profit contributed to the Group by BBA increased by 23.4% from RMB3,552.4 million in the first half of 2019 to RMB4,383.3 million for the same period this year. The BMW joint venture achieved sales of 262,012 units in the first six months of 2020, a decrease of 0.8% as compared to 264,194 BMW vehicles sold in the same period in 2019. The sales volumes of the BMW models locally produced by BBA are listed in the table below:

<b>BBA BMW Models</b>	<b>1H2020 (Units)</b>	<b>1H2019 (Units)</b>	<b>% Change</b>
1-series sedan	16,948	21,129	-19.8%
2-series active tourer	15	3,531	-99.6%
3-series	64,973	60,758	+6.9%
5-series	70,095	75,764	-7.5%
X1	41,690	48,311	-13.7%
X2	11,245	-	n/a
X3	57,046	54,701	+4.3%
<b>Total BMW vehicles</b>	<b>262,012</b>	<b>264,194</b>	<b>-0.8%</b>

The Group's unaudited share of results of associates turned from a profit of RMB2.9 million in the first half of 2019 to a loss of RMB52.7 million in the same period in 2020. This was primarily attributable to weakened demand of motor engines and other automobile parts in the market during the period.

The Group's unaudited profit before income tax expense increased by 15.2% from RMB3,267.6 million in the first half of 2019 to RMB3,762.7 million for the same period in 2020. Unaudited income tax expense has decreased by 93.7% from RMB206.0 million in the first half of 2019 to RMB12.9 million for the same period in 2020, as there was a PRC dividend withholding tax charged on dividends distributed by a subsidiary to the Company in the first half of 2019.

As a result of the above, the Group recorded an unaudited profit attributable to equity holders of the Company of RMB4,045.2 million for the first half of 2020, representing an increase of 25.2% from the RMB3,230.0 million for the same period in 2019. Unaudited basic earnings per share for the six months ended 30th June, 2020 amounted to RMB0.80178 compared to RMB0.64020 for the same period in 2019.

On 13th July, 2020, the Board declared at the board meeting a dividend of HK\$0.11 per share (2019: HK\$0.11 per share) totaling approximately HK\$554,980,000 (2019: approximately HK\$554,980,000) or approximately RMB501,646,000 (2019: approximately RMB487,611,000) and a special dividend of HK\$0.30 per share (2019: HK\$0.74 per share) totaling approximately HK\$1,513,581,000 (2019: approximately HK\$3,733,499,000) or approximately RMB1,368,126,000 (2019: approximately RMB3,280,290,000).

## **Prospects**

China's GDP contracted by 6.8% in 1Q2020 from a year ago as the country took a huge hit from the coronavirus outbreak. The government's swift imposition of stringent measures had enabled second quarter growth of 3.2% year-on-year, as lockdowns eased and stimulus measures are rolled out to revive the economy. Consequently, China's GDP shrank by 1.6% during the first half of 2020. According to the China Association of Automobile Manufacturers, total Chinese vehicle sales decreased by 16.9% to 10.3 million units in the first six months of 2020. Of this figure, passenger vehicle sales accounted for 7.9 million units, a drop of 22.4% from the same period last year. Nevertheless, out of the passenger vehicle sales, the premium segment had shown strong resilience against the negative market development, registering a slighter decline in unit sales of approximately 4.6% during the period.

During the first six months of 2020, BBA continued to deliver decent results amidst an extremely challenging business environment. The year 2020 had opened to a great start in January for BBA against a declining market. However, February and March were hard hit by the coronavirus pandemic as the forced shutdown of dealerships essentially suspended BBA's deliveries for almost two months. In face of the adversity, the joint venture took rapid actions to identify major risk areas and to address all stakeholders. Tremendous efforts had been put into stabilization of the supply chain, sales network management, and cashflow monitoring. At the same time, the company also worked diligently to safeguard the scheduled timelines for its production capacity expansions (including the construction of its third production plant and the extension of the existing Dadong, Tiexi and battery facilities) and new model launches for the rest of the year.

Sales of BBA's vehicles started to rebound quickly in April and have since been showing a positive trend. BBA achieved sales of 262,012 units during 1H2020, representing a small decrease of approximately 0.8% compared to the same period last year. The new generation 3-series and newly localised X2 launched in 2H2019 brought additional volumes during the first half of 2020, and together with the X3 had contributed to uphold BBA's sales volume during this highly turbulent time.

Despite a drastic market turn in the first half of the year, BBA has continued to expand its dealer network which had reached 554 full service 4S shops nationwide as at 30th June, 2020. Immediately after the easing of lockdown in March, BBA quickly resumed the full spectrum of its sales program working with its sales organisation on all fronts in an effort to sustain the liquidity and profitability of its dealers. BBA's sales activities also continue to be supported by the BMW auto finance company, Herald International Financial Leasing Co. Ltd., and Ling Yue Digital Information Technology Co., Ltd., the wholly-owned independent digital company of BBA.

As for our minibus and MPV business under RBJAC, this joint venture has been struck by the adverse market impact caused by the coronavirus and saw a significant decrease in sales volume during 1H2020. The joint venture continued to transform and upgrade itself leveraging on the support of our partner Renault. RBJAC's management team has been strengthened, and concerted efforts have been put in place to upgrade existing products and develop new models to actively respond to the Chinese auto policy requirements.

Alternatively, BBAFC, our auto finance subsidiary in China, was able to extensively grow both its revenues and profits during the first six months of 2020. BBAFC actively engaged with its major customers Jaguar Land Rover, Tesla, BMW, RBJAC, and Huachen for business volume expansion. In addition, the company also diversified via capturing businesses of selected multi-brand and new NEV manufacturers within the Chinese market. The dedicated focus on continual process optimisation and digitalisation, coupled with a strong emphasis on risk management, were crucial factors for the remarkable growth and positive development during the period.

As for the remainder of 2020, despite the ongoing uncertainties amid the sprawling COVID-19 pandemic, BBA remains to be cautiously confident about the outlook for the rest of the year. With incoming orders gaining momentum and assuming the current positive trend continues, we see a chance for sales to continue to return to a normal level as market demand for premium auto remains robust. The launch of the 2020 new models such as the 5-series facelift and the all-new iX3 will proceed in the second half of the year as planned. The iX3, which is the X3 battery electric ("BEV") variant, will be the first pure battery electric vehicle to be produced in BBA, and the first world product to be solely offered by BBA via exports to all markets.

RBJAC will work towards reinforcing its medium-van market share and penetrating the heavy-van segment, while continuing with the development of electrified models. The joint venture will look to further deepen its cooperation with Renault on vehicle engineering and production management, and to explore alternatives to augment its sales network. The focus is on the localization of Renault's Master and Trafic models to be introduced to the Chinese market. As for BBAFC, the company will continue to diversify its funding resources through the expansion of numerous local and global banking partnerships, with the implementation of retail co-lending with multiple bank partners to further support the company's aggressive growth strategy.

The rest of 2020 will be extremely challenging for the Group, given the scale of the coronavirus pandemic and deep market uncertainty. The safety and welfare of all our employees will continue to be paramount, while at the same time we will work hard to keep up with business operations while minimising risks. With proper steering and adaptation of a flexible approach, we are confident that our group companies will be able to navigate the unprecedented circumstance which is before us, and are hopeful that the second half of the year will bring further recovery to the Company's performance.

## Liquidity and Financial Resources

As at 30th June, 2020, the Group had RMB3,454.5 million in cash and cash equivalents (*As at 31st December, 2019: RMB6,828.5 million*), RMB22.0 million in statutory deposit reserves at central bank (*As at 31st December, 2019: RMB23.3 million*), RMB3,630 million in short term bank deposits (*As at 31st December, 2019: RMB1,800 million*) and RMB2,264.7 million in pledged short-term bank deposits (*As at 31st December, 2019: RMB2,793.9 million*). As at 30th June, 2020, the Group had accounts payable in the amount of RMB1,388.2 million (*As at 31st December, 2019: RMB1,540.2 million*). As at 30th June, 2020, the Group had notes payable in the amount of RMB3,322.9 million (*As at 31st December, 2019: RMB4,959.3 million*).

As at 30th June, 2020, the Group had outstanding short-term bank borrowings of RMB6,648 million (*As at 31st December, 2019: RMB6,292 million*), and long-term bank borrowings due within one year and over one year of RMB665 million (*As at 31st December, 2019: RMB40 million*).

All short-term bank borrowings as at 30th June, 2020 were due within one year, and being repayable from 1st July, 2020 to 29th June, 2021 (*As at 31st December, 2019: repayable from 7th January, 2020 to 23rd December, 2020*). As at 30th June, 2020, all short-term bank borrowings were interest-bearing at rates ranging from 3.50% to 8.00% per annum (*As at 31st December, 2019: 3.95% to 6.00% per annum*), and were denominated in Renminbi (*As at 31st December, 2019: Renminbi*).

As at 30th June, 2020, RMB147 million of the long-term bank borrowings were due within one year, being repayable from 20th September, 2020 to 20th June, 2021 (*As at 31st December, 2019: repayable from 20th March, 2020 to 20th December, 2020*); and RMB518 million were due over one year, being repayable from 1st December, 2021 to 15th May, 2022 (*As at 31st December, 2019: repayable from 20th March, 2021 to 1st December, 2021*). As at 30th June, 2020, all long-term bank borrowings were interest-bearing at rates ranging from 4.1% to 5.23% per annum (*As at 31st December, 2019: 5.23% per annum*), and were denominated in Renminbi (*As at 31st December, 2019: Renminbi*).

With an aim to improve its liquidity, the Group regularly monitors its accounts receivable turnover and inventory turnover. For the six months ended 30th June, 2020, the Group's accounts receivable turnover days was approximately 137 days, compared to approximately 98 days for the year ended 31st December, 2019. Inventory turnover days was approximately 102 days for the six months ended 30th June, 2020, compared to approximately 87 days for the year ended 31st December, 2019.

## Capital Structure and Funding Policies

As at 30th June, 2020, the Group's total assets was approximately RMB53,561.3 million (*As at 31st December, 2019: approximately RMB49,470.0 million*), which was funded by the following: (a) share capital of RMB397.2 million (*As at 31st December, 2019: RMB397.2 million*), (b) reserves of RMB38,311.9 million (*As at 31st December, 2019: RMB33,528.4 million*), (c) total liabilities of RMB14,108.3 million (*As at 31st December, 2019: RMB14,994.6 million*) and (d) contribution from non-controlling interests of RMB743.9 million (*As at 31st December, 2019: RMB549.9 million*).

As at 30th June, 2020, 90.1% (*As at 31st December, 2019: 94.8%*) 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 5.1% (*As at 31st December, 2019: 2.6%*) were denominated in U.S. Dollar. The remaining balance of 4.8% (*As at 31st December, 2019: 2.6%*) were denominated in other currencies. Apart from the borrowings, banking facilities were in place for contingency purposes. As at 30th June, 2020, the Group's total available banking facilities for its daily operations amounted to RMB604.1 million (*As at 31st December, 2019: RMB712.7 million*) without any committed banking facilities.

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

#### **Capital Expenditures and Commitments**

For the first six months of 2020, the Group incurred capital expenditures of RMB299.0 million (*Six months ended 30th June, 2019: RMB518.9 million*) mainly for acquisition of both owned and right-of-use assets of tools and moulds, machinery and equipment, and development costs for minibuses and MPVs as well as specialised software.

As at 30th June, 2020, the Group's contracted capital commitments amounted to RMB1,168.8 million (*As at 31st December, 2019: RMB1,043.9 million*), which were related to the capital expenditures in respect of construction projects, acquisition of plant facilities and machinery, and product development.

#### **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, 2020.

## **New Business and New Products**

BBA will be introducing new models of both internal combustion engine and BEV BMW vehicles into the Chinese market over the next few years. The iX3, which is the electrified version of the X3 model, will commence production in China in the second half of 2020 for both local sales and exports to the rest of the world.

RBJAC is pushing forward with the localization of new potential products such as the Renault Master and Traffic models.

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

The Group employed approximately 5,390 employees as at 30th June, 2020 (*As at 30th June, 2019: 5,980*). Employee costs amounted to RMB320.0 million for the six months ended 30th June, 2020 (*Six months ended 30th June, 2019: RMB405.7 million*). The Group will endeavour to ensure that the salary levels of its employees are in line with industry practices and prevailing market conditions, and that employees' remuneration is based on performance.

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

## **Charge on Assets**

As at 30th June, 2020, short-term bank borrowings of RMB74 million (*As at 31st December, 2019: RMB91 million*) were secured by the Group's land lease prepayments with a net book value of approximately RMB2.1 million (*As at 31st December, 2019: approximately RMB2.1 million*), buildings, tools and moulds, machinery and equipment and construction-in-progress with an aggregate net book values of approximately RMB197.1 million (*As at 31st December, 2019: approximately RMB208.0 million*).

As at 30th June, 2020, long-term bank borrowings of RMB30 million (*As at 31st December, 2019: RMB40 million*) were secured by the Group's land lease prepayments with a net book value of approximately RMB29.7 million (*As at 31st December, 2019: approximately RMB30.0 million*) and buildings, plant and equipment with an aggregate net book value of approximately RMB52.6 million (*As at 31st December, 2019: approximately RMB33.6 million*).

In addition, as at 30th June, 2020, the Group pledged short-term bank deposits of RMB2,054.2 million (*As at 31st December, 2019: RMB2,583.3 million*) for issue of bank guaranteed notes to trade creditors, RMB210.5 million (*As at 31st December, 2019: RMB210.5 million*) to secure bank loans granted to a related party of the Group, and RMB60,000 (*As at 31st December, 2019: RMB60,000*) for joint auto financing arrangement.

As at 30th June, 2020, the Group had also pledged bank guaranteed notes receivable from third parties and related parties in the amount of approximately RMB47.9 million (*As at 31st December, 2019: approximately RMB31.3 million*) to secure the issue of bank guaranteed notes.

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

There was no plan authorised by the Board for material investments or additions of capital assets during the six months ended 30th June, 2020.

#### **Gearing Ratio**

As at 30th June, 2020, the gearing ratio, computed by dividing total liabilities by total equity attributable to equity holders of the Company, was approximately 0.36 (*As at 31st December, 2019: approximately 0.44*). The decrease in the gearing ratio was primarily due to decrease in accounts payable, notes payable and income tax payable during the six months ended 30th June, 2020.

#### **Foreign Exchange Risks**

The Group considers that exchange rate fluctuations may have some effect on the overall financial performance of the Group but it is still at an insignificant level. The Group will continue to monitor and may consider entering into hedging arrangements in order to minimise foreign exchange risks, if and when necessary. There were no outstanding hedging transactions as at 30th June, 2020 (*As at 30th June, 2019: nil*).

## Contingent Liabilities

Pursuant to an agreement dated 20th December, 2019 entered into between a member of the Group and JBC, 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, 2019: RMB600 million*) for the period from 1st January, 2020 to 31st December, 2020. As at 30th June, 2020, under this agreement, outstanding bank loans and other banking facilities totaling RMB206 million (*As at 31st December, 2019: RMB206 million*) were utilised and was supported by the Group's bank deposits pledged to the banks.

## DIVIDENDS

On 13th July, 2020, the Board declared (a) a special dividend of HK\$0.30 per ordinary share of the Company; and (b) a dividend of HK\$0.11 per ordinary share of the Company in relation to the financial year 2020 (collectively, the "**Dividends**"), to the shareholders of the Company whose names appear on the register of members of the Company as at 27th July, 2020 (*2019 special dividend: HK\$0.74, and 2019 dividend: HK\$0.11*). The Dividends were paid on 6th August, 2020.

The directors of the Company resolved not to declare any dividend payment at the Board meeting held on 21st August, 2020 (*2019: HK\$0.11 per ordinary share*). As disclosed above, a dividend of HK\$0.11 per ordinary share in relation to the financial year 2020 has already been declared on 13th July, 2020 and was paid on 6th August, 2020.

## UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of the directors of the Company since the date of the 2019 annual report up to the date of this report is set out below:

- (1) Mr. Qian Zuming resigned as an executive director of the Company with effect from 29th July, 2020 due to his other business commitments.
- (2) Mr. Sun Baowei was appointed as an executive director of the Company with effect from 29th July, 2020.
- (3) Ms. Ma Nina was appointed as an executive director of the Company with effect from 29th July, 2020.



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

As at 30th June, 2020, so far as is known to the directors or chief executives of the Company, the following persons other than a director or chief executive of the Company had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"):

Name of shareholders	Long position	Number and class of shares held/ Approximate shareholding percentage (Note 1)		Lending pool	%	
		%	Short position			
Baillie Gifford & Co (Note 2)	505,060,000 ordinary	10.01	-	-	-	
Citigroup Inc. (Note 3)	397,822,050 ordinary	7.88	574,300	0.01	394,839,739	7.82
Huachen (Note 4)	1,935,074,988 ordinary	38.35	-	-	-	-
J.P. Morgan Chase & Co. (Note 5)	278,578,170 ordinary	5.52	37,738,854	0.74	223,139,328	4.42

*Notes:*

1. The percentage of shareholding is calculated on the basis of 5,045,269,388 shares in issue of the Company as at 30th June, 2020.
2. The 505,060,000 shares in long position were held as to 100,236,000 shares in the capacity as investment manager and as to 404,824,000 shares as corporate interest.
3. The 397,822,050 shares in long position were held as to 2,982,311 shares as corporate interest and as to 394,839,739 shares in the capacity as approved lending agent. The 574,300 shares in short position were held as corporate interest.
4. The 1,935,074,988 shares in long position were held in the capacity as beneficial owner.
5. The 278,578,170 shares in long position were held as to 52,844,692 shares as corporate interest, as to 2,360,000 shares in the capacity as investment manager, as to 234,150 shares as security interest, and as to 223,139,328 shares in the capacity as approved lending agent. The 37,738,854 shares in short position were held as corporate interest.

Save as disclosed herein, as at 30th June, 2020, there was no other person so far as is known to the directors or chief executives of the Company, other than a director or chief executive of the Company, as having an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

As at 30th June, 2020, the interests and short positions of each director, chief executive and their respective close associates in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the 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 (the "Model Code") 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)
		Long position	%	Short position	%	
Mr. Wu Xiao An (also known as Mr. Ng Siu On)	Personal	6,200,000 ordinary	0.12	-	-	-
Mr. Qian Zuming (Note 2)	Personal	600,000 ordinary	0.01	-	-	-

#### Notes:

1. The percentage of shareholding is calculated on the basis of 5,045,269,388 shares in issue of the Company as at 30th June, 2020.
2. Mr. Qian Zuming resigned as an executive director of the Company with effect from 29th July, 2020.

## Associated Corporation of the Company

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

### Notes:

1. The percentage of shareholding is calculated on the basis of 1,282,211,794 shares in issue of Power Xinchen as at 30th June, 2020.
2. As at 30th June, 2020, Power Xinchen was indirectly held as to approximately 31.20% by the Company. The 33,993,385 shares in long position are interests of a discretionary trust under an incentive scheme of Power Xinchen. The said trust held 33,993,385 shares of Power Xinchen. Mr. Wu Xiao An is one of the trustees of the aforementioned trust. Mr. Wu also held 50% interests in Lead In Management Limited which is also a trustee of the said trust. Accordingly, Mr. Wu was deemed or taken to be interested in the 33,993,385 shares of Power Xinchen, representing approximately 2.65% of its issued share capital as at 30th June, 2020.
3. Mr. Wu Xiao An held 8,320,041 shares of Power Xinchen in the capacity of beneficial owner, representing approximately 0.65% of its issued share capital as at 30th June, 2020.

Save as disclosed above, as at 30th June, 2020, none of the directors, chief executives of the Company or their respective close associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the 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 into the register referred to therein; or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

## SHARE OPTIONS

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

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

As at 30th June, 2020, there was no outstanding share option under the Share Option Scheme.

During the six months ended 30th June, 2020:

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

As no share options have been granted by the Company under the Share Option Scheme for the six months ended 30th June, 2020, no expenses were recognised by the Group for the period under review (*Six months ended 30th June, 2019: 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, 2020.

#### **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, 2020.

#### **Major updates**

There have not been material changes to the information disclosed in the Company's 2019 annual report in respect of our corporate governance practices. Major updates since the 2019 annual report are summarised below.

### *Retirement of directors*

Code provision A.4.2 of Appendix 14 to the Listing Rules 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 of the Bye-Laws of the Company, 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 of Appendix 14 to the Listing Rules, and in accordance with the bye-law 99, Mr. Song Jian and Mr. Jiang Bo retired by rotation at the annual general meeting of the Company held on 26th June, 2020 (the “**2020 AGM**”).

Each of Mr. Song Jian and Mr. Jiang Bo were re-elected as directors of the Company by shareholders of the Company at the 2020 AGM.

### *Communications with shareholders*

In accordance with the code provision E.1.2 of Appendix 14 to the Listing Rules, (a) Mr. Wu Xiao An, the Chairman of the Board, and (b) Mr. Xu Bingjin, the chairman of each of the audit committee, remuneration committee and nomination committee of the Board and an independent non-executive director attended the 2020 AGM via telephone conference to answer questions from shareholders. In addition, taking into consideration of COVID-19, all other directors of the Company also attended the 2020 AGM by way of telephone conference.

Pursuant to the code provision E.1.2, the Company has invited representatives of the external auditor of the Company to attend the 2020 AGM to answer shareholders’ questions about the conduct of the audit, the preparation and content of the auditor’s 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, 2020.

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 as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors, each director of the Company has confirmed that he has complied with the standards set out in the Model Code during the six months ended 30th June, 2020.

## **BOARD OF DIRECTORS**

As at the date of this report, the Board comprises five executive directors, Mr. Wu Xiao An (*Chairman*), Mr. Yan Bingzhe (*Chief Executive Officer*), Mr. Zhang Wei, Mr. Sun Baowei and Ms. Ma Nina; 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, 2020