Brilliance Auto
华 晨 汽 车

BRILLIANCE CHINA AUTOMOTIVE HOLDINGS LIMITED
(華晨中國汽車控股有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1114)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2010

The board of directors (the "**Board**") of Brilliance China Automotive Holdings Limited (the "**Company**") announces the consolidated financial results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31st December, 2010 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31st December
(Expressed in thousands of RMB except for per share amounts)

	Note	**2010 RMB'000**	2009 RMB'000
Continuing operations			
Turnover	3	**8,948,740**	6,148,962
Cost of sales		**(7,725,111)**	(5,293,719)
Gross profit		**1,223,629**	855,243
Other net income	3	**92,216**	111,871
Interest income	3	**78,614**	31,107
Selling expenses		**(462,030)**	(310,046)
General and administrative expenses		**(330,507)**	(331,016)
Finance costs, net		**(170,771)**	(94,183)
Share of results of:			
Associates		**92,438**	22,004
Jointly controlled entities		**973,860**	354,276
Impairment losses on assets		**(32,546)**	(644,243)
Profit (Loss) before income tax expense from continuing operations	4	**1,464,903**	(4,987)
Income tax credit (expense)	5	**53,907**	(40,989)
Profit (Loss) for the year from continuing operations		**1,518,810**	(45,976)
Discontinued operations			
Loss for the year from discontinued operations	6	**–**	(2,698,216)
Profit (Loss) for the year		**1,518,810**	(2,744,192)

* *For identification purposes only*

	Note	2010 RMB'000	2009 RMB'000
Attributable to:			
Equity holders of the Company		**1,270,926**	(1,639,835)
Non-controlling interests		**247,884**	(1,104,357)
		1,518,810	(2,744,192)
Earnings (Loss) per share	7		
Continuing and discontinued operations			
– Basic		**RMB0.25452**	RMB(0.36603)
– Diluted		**RMB0.25219**	N/A
Continuing operations			
– Basic		**RMB0.25452**	RMB(0.03588)
– Diluted		**RMB0.25219**	N/A
Discontinued operations			
– Basic		**N/A**	RMB(0.33015)
– Diluted		**N/A**	N/A

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

	2010 RMB'000	2009 RMB'000
Profit (Loss) for the year	**1,518,810**	(2,744,192)
Other comprehensive (loss) income, net of tax		
Change in fair value of available-for-sale financial assets	**(8,922)**	22,067
Share of other comprehensive income of a jointly controlled entity	**37,805**	92,383
	28,883	114,450
Total comprehensive income (loss) for the year	**1,547,693**	(2,629,742)
Attributable to:		
Equity holders of the Company	**1,299,809**	(1,526,309)
Non-controlling interests	**247,884**	(1,103,433)
	1,547,693	(2,629,742)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31st December

	Note	**2010** **RMB'000**	2009 RMB'000
Non-current assets			
Intangible assets		**185,279**	163,743
Property, plant and equipment		**1,376,759**	1,263,040
Construction-in-progress		**208,059**	79,092
Land lease prepayments		**66,506**	69,044
Interests in associates		**544,044**	504,106
Interests in jointly controlled entities		**2,562,407**	1,751,854
Prepayments for a long-term investment		**600,000**	600,000
Available-for-sale financial assets		**28,778**	37,700
Receivable for disposal of discontinued operations		**440,094**	415,183
Deferred tax assets		**99,000**	–
Other non-current assets		**11,010**	10,415
Total non-current assets		**6,121,936**	4,894,177
Current assets			
Cash and cash equivalents		**427,789**	1,608,911
Short-term bank deposits		**120,946**	213,341
Pledged short-term bank deposits		**2,075,801**	1,056,071
Inventories		**790,838**	1,350,299
Accounts receivable	8	**120,400**	95,132
Accounts receivable from affiliated companies		**1,352,273**	832,341
Notes receivable		**430,043**	305,511
Notes receivable from affiliated companies		**542,302**	28,450
Other receivables		**573,084**	622,294
Dividends receivable from affiliated companies		**128,673**	94,968
Prepayments and other current assets		**251,597**	241,665
Income tax recoverable		**178**	25
Other taxes recoverable		**37,964**	18,677
Amounts due from affiliated companies		**246,304**	103,188
Total current assets		**7,098,192**	6,570,873
Current liabilities			
Accounts payable	9	**1,585,882**	1,486,750
Accounts payable to affiliated companies		**1,201,965**	854,629
Notes payable		**3,272,484**	1,092,676
Notes payable to affiliated companies		**155,135**	112,385
Customer advances		**270,955**	922,080
Other payables		**767,866**	815,453
Dividends payable		**2,788**	2,879
Accrued expenses and other current liabilities		**95,667**	131,955
Short-term bank borrowings		**165,000**	723,000
Income tax payable		**34,158**	37,822
Other taxes payable		**126,274**	41,971
Amounts due to affiliated companies		**283,443**	1,090,181
Total current liabilities		**7,961,617**	7,311,781
Net current liabilities		**(863,425)**	(740,908)
Total assets less current liabilities		**5,258,511**	4,153,269

	Note	2010 RMB'000	2009 RMB'000
Non-current liabilities			
Deferred government grants		**2,000**	24,688
Amounts due to affiliated companies		**–**	400,000
Total non-current liabilities		**2,000**	424,688
NET ASSETS		**5,256,511**	3,728,581
Capital and reserves			
Share capital		**393,857**	393,283
Reserves		**5,931,469**	4,628,730
Total equity attributable to equity holders of the Company		**6,325,326**	5,022,013
Non-controlling interests		**(1,068,815)**	(1,293,432)
TOTAL EQUITY		**5,256,511**	3,728,581

NOTES:

1. CORPORATE INFORMATION

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

The Company is an investment holding company. The principal activities of the Company's subsidiaries are the manufacture and sale of minibuses and automotive components in the People's Republic of China (the "**PRC**"). The Group's Zhonghua sedan business was disposed of in 2009.

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

2. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

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

These financial statements have been prepared on the basis consistent with the accounting policies adopted in the 2009 financial statements, except for the adoption for the first time the following new HKFRSs, amendments to HKFRSs and interpretations:

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKAS 28 (Revised 2008)	Investments in Associates (Revised 2008)
HKAS 39 (Amendments)	Financial Instruments: Recognition and Measurement – Eligible Hedged Items (Amendments)
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

In addition, the following revised HKFRSs were also mandatorily effective for financial statements with period commencing on or after 1st July, 2009 but had been already early adopted in the Group's financial statements for the year ended 31st December, 2009:

HKFRS 3 (Revised)	Business Combinations
HKFRS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 38 (Amendments)	Intangible Assets

The adoption of these new HKFRSs, amendments to HKFRSs and interpretations had no material effect on the results and financial position of the Group for the current or prior years.

(b) Basis of measurement

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

(c) Preparation of financial statements

At 31st December, 2010, the Group had net current liabilities of approximately RMB863 million. Notwithstanding the Group's current liabilities exceeding its current assets at 31st December, 2010, in preparing these financial statements, the directors have given careful consideration to current and future liquidity of the Group and its ability to provide working capital for its operations.

As set out in the 2009 financial statements, the Group disposed of the loss-making Zhonghua sedan business to refocus on the minibus operation and the BMW Brilliance joint venture and other future potential investments. The Group generates profit contributions from both of its minibus business and BMW Brilliance joint venture. In the absence of unforeseen circumstances, the management believes the Group will be able to continue to operate as a going concern.

At the reporting date, the Group had short-term bank borrowings of RMB165 million which are renewable on a yearly basis. Management is confident that these borrowings can be renewed on their expiry.

In addition, Huachen has also agreed to provide adequate funds to the Group, if necessary, to meet its liabilities as they fall due. The directors consider that the Group will have sufficient cash resources to satisfy its future working capital needs and other financing requirements. Accordingly, the directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

3. TURNOVER, OTHER NET INCOME AND SEGMENT INFORMATION

Turnover represents the invoiced value of minibuses and automotive components, net of consumption tax, discounts and returns to customers. Over 95% of the revenue is derived from the PRC (2009: Same). Turnover and other net income recognised by category are as follows:

	Continuing operations		Discontinued operations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Turnover						
Sale of minibuses and automotive components	**8,948,740**	6,148,962	**–**	–	**8,948,740**	6,148,962
Sale of sedans	**–**	–	**–**	6,240,623	**–**	6,240,623
	8,948,740	6,148,962	**–**	6,240,623	**8,948,740**	12,389,585
Other net income						
Subsidy income	**22,688**	70,980	**–**	74,984	**22,688**	145,964
Others	**69,528**	40,891	**–**	45,011	**69,528**	85,902
	92,216	111,871	**–**	119,995	**92,216**	231,866
Interest income	**78,614**	31,107	**–**	34,558	**78,614**	65,665
	9,119,570	6,291,940	**–**	6,395,176	**9,119,570**	12,687,116

Included in interest income is implicit interest of RMB24,911,000 (2009: Nil) on the receivable from Huachen with face value of approximately RMB494,490,000 for the disposal of the Zhonghua sedan business to be received in 2012.

During the year, RMB2,100,264,000 or 23% of the Group's consolidated income was from Huachen. The respective sales occurred after completion of the disposal of Zhonghua sedan business on 31st December, 2009.

Operating segments – 2010

	Manufacture and sale of minibuses and automotive components RMB'000	Manufacture and sale of BMW sedans RMB'000	Reconciliation to the Group's income statement RMB'000	Total RMB'000
Continuing operations				
Segment sales to external customers	**8,948,740**	**21,484,930**	**(21,484,930)**	**8,948,740**
Segment results	**568,535**	**2,116,892**	**(2,116,892)**	**568,535**
Impairment losses on assets	**(32,546)**	**(67,970)**	**67,970**	**(32,546)**
Unallocated costs net of unallocated income				**(45,227)**
Interest income				**78,614**
Finance costs, net				**(170,771)**
Share of results of:				
Associates	**92,438**	**–**	**–**	**92,438**
Jointly controlled entities	**77,869**	**895,991**	**–**	**973,860**
Profit before income tax credit from continuing operations				**1,464,903**

Operating segments – 2009

	Manufacture and sale of minibuses and automotive components RMB'000	Manufacture and sale of BMW sedans RMB'000	Reconciliation to the Group's income statement RMB'000	Total RMB'000
Continuing operations				
Segment sales to external customers	6,148,962	14,674,370	(14,674,370)	6,148,962
Segment results	380,328	751,106	(751,106)	380,328
Impairment losses on assets	(644,243)	–	–	(644,243)
Unallocated costs net of unallocated income				(54,276)
Interest income				31,107
Finance costs, net				(94,183)
Share of results of:				
Associates	22,004	–	–	22,004
Jointly controlled entities	(1,015)	355,291	–	354,276
Loss before income tax expense from continuing operations				(4,987)

Operating segments – 2010 (Continued)

	Manufacture and sale of minibuses and automotive components RMB'000	Manufacture and sale of BMW sedans RMB'000	Reconciliation to the Group's statement of financial position RMB'000	Total RMB'000
Continuing operations				
Segment assets	9,078,824	14,668,487	(14,668,487)	9,078,824
Interests in associates	544,044	–	–	544,044
Interests in jointly controlled entities	418,004	2,144,403	–	2,562,407
Available-for-sale financial assets				28,778
Prepayments for a long-term investment				600,000
Advance to a shareholder of a related party				300,000
Unallocated assets				106,075
Total assets				13,220,128
Segment liabilities	7,952,790	10,379,681	(10,379,681)	7,952,790
Unallocated liabilities				10,827
Total liabilities				7,963,617
Other disclosures:				
Capital expenditure	449,213	1,882,959	(1,882,959)	449,213
Depreciation of property, plant and equipment	106,831	426,718	(426,718)	106,831
Amortisation of land lease prepayments	2,538	905	(905)	2,538
Amortisation of intangible assets	30,088	46,244	(46,244)	30,088
Provision of inventories	16,310	36,118	(36,118)	16,310
Write-back of provision for inventories sold	12,136	13,506	(13,506)	12,136
Write-back of provision for doubtful debts	4,845	–	–	4,845

Operating segments – 2009 (Continued)

	Manufacture and sale of minibuses and automotive components RMB'000	Manufacture and sale of BMW sedans RMB'000	Reconciliation to the Group's statement of financial position RMB'000	Total RMB'000
Continuing operations				
Segment assets	7,197,328	9,153,754	(9,153,754)	7,197,328
Interests in associates	504,106	–	–	504,106
Interests in jointly controlled entities	341,246	1,410,608	–	1,751,854
Available-for-sale financial assets				37,700
Prepayments for a long-term investment				600,000
Advance to a shareholder of a related party				300,000
Unallocated assets				1,074,062
Total assets				11,465,050
Segment liabilities	6,759,016	6,332,538	(6,332,538)	6,759,016
Unallocated liabilities				977,453
Total liabilities				7,736,469
Other disclosures:				
Capital expenditure	252,581	1,243,548	(1,243,548)	252,581
Depreciation of property, plant and equipment	175,508	337,000	(337,000)	175,508
Amortisation of land lease prepayments	3,703	–	–	3,703
Amortisation of intangible assets	26,084	29,807	(29,807)	26,084
Provision of inventories	48,222	13,490	(13,490)	48,222
Write-back of provision for inventories sold	2,246	17,059	(17,059)	2,246
Write-back of provision for doubtful debts	8,798	–	–	8,798

4. PROFIT (LOSS) BEFORE INCOME TAX EXPENSE

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

	Continuing operations		Discontinued operations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Charging:						
Impairment losses on:						
— Goodwill	**–**	295,529	**–**	–	**–**	295,529
— Intangible assets	**772**	481	**–**	303,019	**772**	303,500
— Construction-in-progress	**–**	6,628	**–**	7,853	**–**	14,481
— Property, plant and equipment	**1,496**	7,845	**–**	19,002	**1,496**	26,847
— Accounts receivable	**–**	9,399	**–**	–	**–**	9,399
— Accounts receivable from affiliated companies	**–**	17,957	**–**	–	**–**	17,957
— Amount due from affiliated companies	**14,000**	294,088	**–**	–	**14,000**	294,088
— Other receivables	**16,278**	12,316	**–**	–	**16,278**	12,316
	32,546	644,243	**–**	329,874	**32,546**	974,117
Staff costs	**427,836**	423,222	**–**	225,988	**427,836**	649,210
Amortisation of intangible assets (a)	**30,088**	26,084	**–**	104,824	**30,088**	130,908
Amortisation of land lease prepayments	**2,538**	3,703	**–**	2,326	**2,538**	6,029
Depreciation of property, plant and equipment	**106,831**	175,508	**–**	148,740	**106,831**	324,248
Cost of inventories	**8,244,681**	5,247,743	**–**	6,644,130	**8,244,681**	11,891,873
Provision for inventories	**16,310**	48,222	**–**	108,748	**16,310**	156,970
Write-off of amount due from an affiliated company	**–**	–	**–**	27,606	**–**	27,606
Auditors' remuneration	**4,359**	2,346	**–**	970	**4,359**	3,316
Research and development costs (b)	**891**	27,969	**–**	90,175	**891**	118,144
Training expenses	**849**	870	**–**	446	**849**	1,316
Operating lease charges in respect of:						
— Land and buildings	**35,280**	17,730	**–**	1,540	**35,280**	19,270
— Machinery and equipment	**–**	705	**–**	–	**–**	705
Exchange loss, net (c)	**5,046**	–	**–**	–	**5,046**	–
Loss on disposal and write-off of property, plant and equipment	**168**	495	**–**	2	**168**	497
Crediting:						
Gross rental income from land and buildings	**2,743**	36	**–**	14,174	**2,743**	14,210
Write back of provision for inventories sold	**12,136**	2,246	**–**	48,227	**12,136**	50,473
Exchange gain, net (c)	**–**	1,319	**–**	6,299	**–**	7,618
Write back of provision for doubtful debts:						
Write back of impairment losses on property, plant and equipment	**168**	–	**–**	–	**168**	–
— Accounts receivable	**–**	7,275	**–**	–	**–**	7,275
— Amounts due from affiliated companies	**4,845**	–	**–**	–	**4,845**	–
— Other receivables	**–**	1,523	**–**	–	**–**	1,523

(a) amortisation of intangible assets in relation to production was included in cost of sales; amortisation of intangible assets for other purposes was included in general and administrative expenses.

(b) included in general and administrative expenses.

(c) included in other net income.

5. INCOME TAX (CREDIT) EXPENSE

The income tax charged (credited) to the consolidated income statement represents:

	Continuing operations		Discontinued operations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Current tax						
PRC enterprise income tax						
Current year	**34,582**	22,016	**–**	–	**34,582**	22,016
Under provision in prior year	**10,511**	18,973	**–**	–	**10,511**	18,973
	45,093	40,989	**–**	–	**45,093**	40,989
Deferred tax credit in respect of tax losses	**(99,000)**	–	**–**	–	**(99,000)**	–
Total income tax (credit) expense	**(53,907)**	40,989	**–**	–	**(53,907)**	40,989

PRC enterprise income tax expense on profits arising in the PRC has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the jurisdictions in which the Group operates.

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

	2010	2009
	RMB'000	RMB'000
Profit (Loss) before income tax expense	**1,464,903**	(2,703,203)
Calculated at a weighted average statutory taxation rate in the PRC of 23.96% (2009: 19.87%)	**351,057**	(537,040)
Effect of tax holiday	**(15,956)**	109,415
Non-taxable income net of expenses not deductible for taxation purpose	**(246,421)**	(70,060)
Unrecognised temporary differences	**28,814**	(175,675)
Recognition of previously unrecognised tax losses/unrecognised tax losses	**(99,000)**	695,417
Utilisation of previously unrecognised tax losses	**(82,912)**	(41)
Under provision in prior years	**10,511**	18,973
Tax (credit) expense for the year	**(53,907)**	40,989

6. DISCONTINUED OPERATIONS

In 2009, the Group disposed of the loss-making Zhonghua sedan business for approximately RMB494,490,000 (equivalent to approximately HK$561,246,000).

An analysis of results and cash flows of the discontinued operations included in the consolidated income statement and consolidated statement of cash flows is as follows:

	2010	2009
	RMB'000	RMB'000
Turnover	–	6,240,623
Cost of sales	–	(6,704,651)
Gross loss	–	(464,028)
Interest income	–	34,558
Other net income	–	119,995
Selling expenses	–	(781,138)
General and administrative expenses	–	(314,521)
Impairment losses on assets	–	(329,874)
Finance costs, net	–	(132,497)
	–	(1,867,505)
Loss on disposal of discontinued operations	–	(830,711)
Loss before income tax expense	–	(2,698,216)
Income tax expense	–	–
	–	(2,698,216)
Attributable to:		
Equity holders of the Company	–	(1,479,080)
Non-controlling interests	–	(1,219,136)
	–	(2,698,216)
Total net cash flows of the discontinued operations		
Net cash used in operating activities	–	(460,697)
Net cash used in investing activities	–	(234,462)
Net cash generated from financing activities	–	675,411
Total net cash outflow	–	(19,748)

7. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share for the year is based on the following information:

Profit (Loss) attributable to equity holders of the Company	**2010** **RMB'000**	2009 RMB'000
From continuing operations	**1,270,926**	(160,755)
From discontinued operations	**–**	(1,479,080)
	1,270,926	(1,639,835)

	Number of shares	
Weighted average number of ordinary shares	**2010** **'000**	2009 '000
Issued ordinary shares	**4,985,519**	3,669,766
Effect of allotment of shares	**–**	809,971
Effect of share options exercised	**7,825**	296
Weighted average number of ordinary shares for calculating basic earnings per share	**4,993,344**	4,480,033
Weighted average number of ordinary shares deemed issued under the Company's share option scheme	**46,247**	36,090
Weighted average number of ordinary shares for calculating diluted earnings per share	**5,039,591**	4,516,123

The calculation of the basic earnings (loss) per share for (a) continuing and discontinued operations, (b) continuing operations and (c) discontinued operations is based on the profit (loss) of (a) continuing and discontinued operations, (b) continuing operations and (c) discontinued operations, respectively, attributable to equity holders of the Company and weighted average number of ordinary shares in issue during 2010.

The calculation of the diluted earnings (loss) per share for (a) continuing and discontinued operations, (b) continuing operations and (c) discontinued operations is based on the same profit (loss) attributable to the equity holders of the Company as used in calculating the basic earnings (loss) per share and weighted average number of ordinary shares of 5,039,591,000 shares in 2010 (2009: 4,516,123,000 shares).

When calculating the 2009 weighted average number of ordinary shares for calculating diluted earnings per share, the effect of deemed conversion of convertible bonds (which were fully repurchased/redeemed in 2009) is not considered as the effect is anti-dilutive.

No diluted loss per share for 2009 is presented as the effect of the potential ordinary shares is anti-dilutive.

8. ACCOUNTS RECEIVABLE

An aging analysis of accounts receivable is set out below:

	2010	2009
	RMB'000	RMB'000
Less than six months	**93,363**	82,413
Six months to one year	**14,680**	10,159
Above one year but less than two years	**12,651**	3,583
Two years or above	**14,834**	20,354
	135,528	116,509
Less: provision for doubtful debts	**(15,128)**	(21,377)
	120,400	95,132

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

9. ACCOUNTS PAYABLE

An aging analysis of accounts payable is set out below:

	2010	2009
	RMB'000	RMB'000
Less than six months	**1,413,364**	1,415,850
Six months to one year	**113,237**	28,766
Above one year but less than two years	**26,524**	10,564
Two years or above	**32,757**	31,570
	1,585,882	1,486,750

Accounts payable with balances denominated in currencies other than Renminbi are considered not significant.

10. CONTINGENCIES

(a) As at 31st December, 2010, the Group had provided corporate guarantees for revolving bank loans and bank guaranteed notes of approximately RMB60 million (2009: RMB60 million) drawn by affiliated companies of Shanghai Shenhua Holdings Co., Ltd. and RMB15 million (2009: Nil) drawn by Shenyang Xinguang Brilliance Automobile Engine Co., Ltd.

(b) On 9th November, 2009, a member of the Group and Shenyang JinBei Automotive Co., Ltd. ("**JinBei**") entered into an agreement for the provision of cross guarantees in respect of each other's banking facilities in the maximum amount of RMB600 million from 1st January, 2010 to 31st December, 2010 (2009: RMB500 million). As at 31st December, 2010, RMB366.5 million (2009: RMB200 million) of these guarantees was drawn by JinBei for its revolving bank loans together with the support of the pledge of the Group's bank deposits of RMB214 million (2009: RMB214 million).

(c) On 19th November, 2009, a member of the Group and Huachen entered into an agreement for the provision of cross guarantees in respect of each other's banking facilities in the maximum amount of RMB1,500 million (2009: Nil) from the date of completion of the disposal of Zhonghua sedan business up to 31st December, 2010. As at 31st December, 2010, RMB1,001 million (2009: Nil) of these guarantees was drawn by Huachen for its revolving bank loans.

BUSINESS REVIEW AND PROSPECTS

2010 signified another year of significant growth in the Chinese auto industry. According to the China Association of Automobile Manufacturers ("**CAAM**"), China's vehicle sales increased by 32% in 2010 as government stimulus measures and rising affluence helped the nation to maintain its status as the world-largest auto market for the second consecutive year. Total auto sales in China exceeded 18 million units during the year, with passenger vehicles accounting for 13.8 million or an increase of 33% compared to the previous year.

For the Group, the year 2010 represents the first year of operation post disposal of the loss-making Zhonghua sedan business, with the true potential of our remaining businesses reflected in the major turnaround in profits generated during the year. Contribution from the BMW joint venture has risen by 152%, as a result of a 57% increase in sales volume and cost savings achieved through scale and continuous localization effort. As for the minibus business, despite a highly competitive environment, the Group has continued to maintain its market leading position and generated a 20% volume growth with stable profits.

Looking into 2011, CAAM has forecasted that sales and production in China will grow at a steadier pace of between 10% and 15% this year, after the government raising purchase taxes for small cars and Beijing slashing the number of new registrations. Therefore, despite the strong growth experienced in 2010, an overall industry slowdown remains a risk.

After years of close cooperation between the Group and BMW AG, we believe our BMW joint venture has a sound understanding of the Chinese premium auto market and has established a business model which specifically caters to the demands of the Chinese customers. The launch of our brand new 5-series long version sedan in August 2010 had been a successful one, and sales momentum on this product continues to be strong in 2011. We are continuously extending our sales network coverage and aftersales service support into new geographic areas in order to expand our reach and provide the best services to our customers. We have also developed various campaigns for marketing and brand building to increase market share. Benefitting from the increase in scale, we continue to work relentlessly to further localize our component sourcing and seek opportunities to drive down our costs.

The joint venture is currently undergoing a major capacity expansion which will bring our production capability up to 300,000 units by 2013. In line with this expansion, we are also assessing our product strategy alongside a review of our long range strategic plan to take into account developments in both the local and global markets. Current plans include the introduction of the X1 and the new generation 3 series models starting 2012 to satisfy the demands in the Chinese market, the addition of engines for domestic production, and local development and production of new energy vehicles. Furthermore, rather than viewing the joint venture as a captive operation for just the Chinese market, we have taken it one step further by working with BMW AG towards expanding our horizon and integrating our joint venture's operation into the BMW Group global network via potential exports of existing and new models produced in China.

As for the minibus business, with its established track record and strong brand recognition, we expect it to continue to be a stable profit contributor to the Group. We continue to work on improving product quality while at the same time develop new product variations based on our existing platforms. In addition, we are in the process of formulating a plan for a brand new platform based on which a new chassis, products and models will be developed with technical support from international strategic partners. Our goal is to enrich our product portfolio and to strengthen our brand name by introducing high end products so as to increase volume and market share. Along this plan we are also assessing the feasibility of gaining further control of the minibus business so as to increase our influence and to enjoy additional contributions from this business in the future.

Aside from the BMW joint venture and the minibus operation, we are also seeking both upstream and downstream expansion opportunities along the auto value chain, in an effort to enhance sales of our existing products and establish another income source for the Group. Furthermore, we are also contemplating other strategic moves to better position the Group as a strong player in the auto industry in China.

MANAGEMENT'S DISCUSSION & ANALYSIS

The consolidated net sales from the continuing operations of the Group (which represent primarily those derived from the minibus business and major operating subsidiaries such as Shenyang Brilliance JinBei Automobile Co., Ltd. ("**Shenyang Automotive**") and Shenyang XingYuanDong Automobile Component Co., Ltd.) for the year ended 31st December, 2010 was RMB8,948.7 million, representing a 45.5% increase from RMB6,149.0 million for the year ended 31st December, 2009. The increase in turnover was primarily due to an increase in the unit sales of Shenyang Automotive's minibuses during the year, as well as component sales of RMB2.1 billion to Huachen which have been accounted for as the Group's sales starting 1st January, 2010 following the Zhonghua sedan business disposal. The sales of such components were eliminated upon consolidation in 2009 as they were intragroup transactions at the time. Starting from 1st January, 2010, all such Zhonghua component sales have become third party in nature, and are recorded in the Group's consolidated turnover.

Shenyang Automotive sold 95,180 minibuses in 2010, representing a 20.5% increase from 78,968 minibuses sold in 2009. Of these minibuses sold, 76,870 were mid-priced minibuses, representing a 21.3% increase from 63,371 units sold in 2009. Unit sales of deluxe minibuses also increased by 17.4% from 15,597 units in 2009 to 18,310 units in 2010. The increase in minibus sales volume in 2010 was primarily due to the addition of new variants as well as increased corporate purchasing in general during the year.

Cost of sales from the continuing operations increased by 45.9% from RMB5,293.7 million in 2009 to RMB7,725.1 million in 2010. The increase is in line with the corresponding increase in net sales during the year. The gross profit margin from continuing operations of the Group has remained relatively stable from 13.9% in 2009 to 13.7% in 2010.

Other net income from the continuing operations decreased by 17.6% from RMB111.9 million in 2009 to RMB92.2 million in 2010. The decrease was primarily due to the reduction in subsidies received during the year.

Interest income from the continuing operations increased by 152.7% from RMB31.1 million in 2009 to RMB78.6 million in 2010. The increase was due to an increase in interest rates during the year, as well as the inclusion of an implicit interest of RMB24.9 million on the receivable due from Huachen resulting from the disposal of the Zhonghua sedan business.

Selling expenses from the continuing operations increased by 49.0% from RMB310.0 million in 2009 to RMB462.0 million in 2010. The increase was driven by the increase in sales, and in particular the increase in transportation costs. Selling expenses as a percentage of turnover from the continuing operations has remained relatively stable at 5.2% for 2010 as compared to 5.0% in 2009.

General and administrative expenses from the continuing operations has remained stable from the previous year.

Net finance costs from the continuing operations increased by 81.3% from RMB94.2 million in 2009 to RMB170.8 million in 2010 primarily due to an increase in interest rates and the amount of discounted notes payable assumed during the year.

The Group's share of operating results of associates and jointly controlled entities from the continuing operations increased by 183.4% from RMB376.3 million in 2009 to RMB1,066.3 million in 2010. This was mainly attributable to the increased profits contributed by BMW Brilliance Automotive Ltd. (**"BMW Brilliance**") and Mianyang Xinchen Engine Co. Ltd. ("**Mianyang Xinchen**"), both being 50% indirectly owned jointly controlled entities of the Group.

Net profits contributed to the Group by BMW Brilliance increased by 152.2% from RMB355.3 million in 2009 to RMB896.0 million in 2010. The BMW joint venture achieved sales of 70,488 BMW sedans in 2010, an increase of 57.0% as compared to 44,888 BMW sedans sold in 2009. Net profits contributed to the Group by Mianyang Xinchen increased by 290.7% from RMB20.0 million in 2009 to RMB78.2 million in 2010.

The Group recorded profit before taxation from the continuing operations of RMB1,464.9 million in 2010 versus a loss before taxation from the continuing operations of RMB5.0 million in 2009. The turnaround to profitability was primarily due to the disposal of the loss-making Zhonghua sedan business at the end of 2009, as well as increased profits contributed by BMW Brilliance.

An income tax credit has been recorded for 2010 compared to an income tax expense in 2009 due to the recognition of certain deferred tax assets in respect of tax losses in 2010.

For the year 2010, the net income attributable to equity holders of the Company was RMB1,270.9 million, compared to a loss attributable to equity holders of RMB1,639.8 million for 2009. Basic earnings per share in 2010 amounted to RMB0.25452, compared to basic loss per share of RMB0.36603 in 2009.

Liquidity and Financial Resources

As at 31st December, 2010, the Group had RMB427.8 million in cash and cash equivalents, RMB120.9 million in short-term bank deposits and RMB2,075.8 million in pledged short-term bank deposits. The Group had notes payable of RMB3,427.6 million and outstanding short-term bank borrowings of RMB165.0 million, but had no long-term bank borrowings outstanding as at 31st December, 2010.

Contingent Liabilities

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

Gearing Ratio

As at 31st December, 2010, the gearing ratio, computed by dividing total liabilities by total equity attributable to equity holders of the Company, was approximately 1.26 (31st December, 2009: 1.54). The decrease in the gearing ratio was primarily due to the decrease in amounts due to affiliated companies in 2010 as compared to the last year.

Foreign Exchange Risks

The Group considers that exchange rate fluctuations only have an insignificant effect on the overall financial performance of the Group in the future. The Group may consider entering into hedging transactions through exchange contracts in order to minimise foreign exchange risks, if and when necessary. There were no outstanding hedging transactions as at 31st December, 2010.

Employees and Remuneration Policy

The Group employed approximately 6,300 employees as at 31st December, 2010 (31st December, 2009: approximately 6,360). Employee costs amounted to approximately RMB427.8 million for the year ended 31st December, 2010 (2009: approximately RMB423.2 million). The Group will endeavour to ensure that the salary levels of its employees are in line with industry practices and prevailing market conditions and that employees' remuneration is based on performance. In addition, employees are eligible for share options under the share option scheme adopted by the Company.

DIVIDEND

The directors did not recommend the payment of any dividend in respect of the year ended 31st December, 2010 (2009: Nil).

CLOSURE OF REGISTER OF MEMBERS

The Company's forthcoming annual general meeting will be held on Monday, 23rd May, 2011 at 9:00 a.m.

The Hong Kong branch register of members of the Company will be closed from Thursday, 19th May, 2011 to Monday, 23rd May, 2011, both days inclusive, during which period no transfer of shares will be registered. Only shareholders of the Company whose names appear on the register of members of the Company on Monday, 23rd May, 2011 or their proxies or duly authorised corporate representatives are entitled to attend the annual general meeting to be held on Monday, 23rd May, 2011. In order to qualify for attending the annual general meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 18th May, 2011.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities in 2010.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining the highest standards of corporate governance consistent with the needs and requirements of the business and its shareholders, and consistent with the "Code on Corporate Governance Practices (the "**CG Code**") set out in Appendix 14 to the Listing Rules. The Group has considered the CG Code and has put in place corporate governance practices to meet the code provisions. Throughout the accounting year ended 31st December, 2010, except for deviation from code provision A.4.1 which is described below, the Group has complied with all code provisions.

Under code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. At present, all the non-executive directors (including the independent non-executive directors) of the Company do not have a specific term of appointment. As the appointment of non-executive directors is subject to the retirement by rotation provisions in the bye-laws of the Company, the Board considers that it is not necessary to appoint the non-executive directors for a specific term. Pursuant to bye-law 99, at every annual general meeting, one-third of the directors for the time being, or if their number is not three or in a multiple of three, the number nearest to but not greater than one-third, shall retire from office by rotation. All directors, including those appointed for a fixed term, are subject to retirement by rotation.

There have been no material changes to the information disclosed in the Company's 2009 annual report in respect of our corporate governance practices. Major updates since the 2009 annual report are summarized in the 2010 annual report to be sent to shareholders of the Company in April 2011.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial report matters, including the consolidated financial statements of the Group for the year ended 31st December, 2010.

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

SCOPE OF WORK OF THE AUDITORS

Jingdu Tianhua Hong Kong, the Company's auditors, has changed its English name to Grant Thornton Jingdu Tianhua (the "**Auditors**") on 8th December, 2010.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December, 2010 have been compared by the Auditors, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by the Auditors in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the Auditors on this announcement.

PUBLICATION OF ANNUAL REPORT

The 2010 annual report of the Company containing the information required by the Listing Rules will be published on the websites of the SEHK and the Company in due course.

BOARD OF DIRECTORS

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

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

Hong Kong, 28th March, 2011