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Brilliance Auto

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BRILLIANCE CHINA AUTOMOTIVE HOLDINGS LIMITED

(華 晨 中 國 汽 車 控 股 有 限 公 司) *

(Incorporated in Bermuda with limited liability)

(Stock Code: 1114)

FULFILLMENT OF ALL RESUMPTION GUIDANCE AND RESUMPTION OF TRADING

This announcement is made by Brilliance China Automotive Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provision (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “**SFO**”).

References are made to (i) the announcements of the Company dated 31st March, 2021, 14th April, 2021, 23rd April, 2021, 31st May, 2021, 30th June, 2021, 31st August, 2021, 30th September, 2021, 29th October, 2021, 30th December, 2021, 14th February, 2022, 30th March, 2022 and 30th June, 2022 in relation to, among other matters, delay in publication of the 2020 Annual Results, the 2021 Interim Results and the 2021 Annual Results, formation of independent board committee, appointment of independent investigator to conduct Independent Investigation on the Unauthorised Guarantees and the Additional Issues, delay in despatch of the 2020 Annual Report, the 2021 Interim Report and the 2021 Annual Report, the appointment of the Internal Control Consultant, the appointment of the independent investigator to conduct the Independent Forensic Investigation, the Resumption Guidance and suspension of trading in the shares of the Company from 9:00 a.m. on 31st March, 2021; (ii) the announcements of the Company dated 10th June, 2021, 15th December, 2021, 4th March, 2022 and 28th April, 2022 in relation to certain legal proceedings commenced against a wholly-owned subsidiary of the Company; (iii) the announcement of the Company dated 16th November, 2021 and 19th August, 2022 in relation to summary of key findings of the Independent Investigation and the Independent Forensic Investigation; (iv) the announcements of the Company dated 23rd December, 2021 and 19th August, 2022 in relation to results of the Internal Control Review and the Expanded Internal Control Review; (v) the announcements of the Company dated 12th January, 2022 and 24th May, 2022 in relation to the Restructuring; (vi) the audited annual results for the year ended 31st December, 2020 dated 29th July, 2022; (vii) the unaudited interim results for the six months ended

* *For identification purposes only*

30th June, 2021 dated 29th July, 2022; (viii) the audited annual results for the year ended 31st December, 2021 dated 26th August, 2022; (ix) the unaudited interim results for the six months ended 30th June, 2022 dated 7th September, 2022; and (x) the announcement of the Company in relation to the notifiable transactions and connected transactions in respect of the Unauthorised Guarantees, the Deposit Pledges and the Fund Transfers (the “**Financial Assistances**”) dated 2nd September, 2022 (the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

RESUMPTION GUIDANCE

On 27th May, 2021 and 9th February, 2022, the Company received two letters from the Stock Exchange setting out the following Resumption Guidance for the resumption of trading in the Shares:

- (a) conduct an appropriate independent investigation into the Audit Issues, announce the investigation findings, assess and announce the impact on the Company’s business operation and financial position and take appropriate remedial actions (“**Resumption Guidance 1**”);
- (b) publish all outstanding financial results required under the Listing Rules and address any audit modifications (“**Resumption Guidance 2**”);
- (c) demonstrate that there is no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company’s management and operations, which may pose a risk to investors and damage market confidence (“**Resumption Guidance 3**”);
- (d) demonstrate that the directors of the Company meet a standard of competence commensurate with their position as directors of a listed issuer and fulfill duties of skill, care and diligence as required under Rules 3.08 and 3.09 of the Listing Rules (“**Resumption Guidance 4**”);
- (e) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet obligations under the Listing Rules (“**Resumption Guidance 5**”);
- (f) demonstrate compliance with Rule 13.24 of the Listing Rules (“**Resumption Guidance 6**”);
- (g) inform the market of all material information for the Company’s shareholders and investors to appraise the Company’s position (“**Resumption Guidance 7**”); and
- (h) conduct an independent forensic investigation with a view to identifying all unauthorised financial assistance made by the Group (including the Additional Fund Transfers) since 2019, announce the investigation findings, assess and announce the impact on the Company’s financial and operation position, and take appropriate remedial actions (“**Resumption Guidance 8**”).

FULFILMENT OF RESUMPTION GUIDANCE AND REMEDIATION OF ISSUES CAUSING TRADING SUSPENSION

The Company has fulfilled all the Resumption Guidance. Upon resumption of trading in the shares of the Company, the Company will continue to cooperate with the Stock Exchange to facilitate its investigation in relation to breaches of the Listing Rules. By doing so, the Company has remedied the issues causing its trading suspension.

Details of the actions and ramifications taken to fulfill the Resumption Guidance are set out as follows:

Resumption Guidance 1 – conduct an appropriate independent investigation into the Audit Issues, announce the investigation findings, assess and announce the impact on the Company’s business operation and financial position and take appropriate remedial actions

On 23rd April, 2021, the Independent Board Committee resolved to appoint RSM Consulting (Hong Kong) Limited (“**RSM**”) as the independent third party investigator to conduct the Independent Investigation into the Unauthorised Guarantees and the Additional Issues and produce a report of findings on the Independent Investigation.

RSM issued the report of the Independent Investigation on 12th November, 2021 (the “**Independent Investigation Report**”) and the Company has published an announcement on 16th November, 2021 in relation thereto. For details of the Independent Investigation Report and the key findings, please refer to the announcement of the Company dated 16th November, 2021 (the “**Independent Investigation Announcement**”).

As disclosed in the Independent Investigation Announcement, based on the findings of the Independent Investigation, it was identified that during the period between 1st January, 2020 and 30th April, 2021, SJAI had provided (i) Unauthorised Guarantees in the aggregate amount of RMB5,898,000,000 as security for loans granted to Huachen; and (ii) Deposit Pledges in the aggregate amount of RMB4,005,900,000 as security for the bank acceptance bills issued by Huayixin, Brilliance Power and Huachen.

A summary of the transactions or incidents identified pursuant to the Independent Investigation comprised under the Unauthorised Guarantees and the Additional Issues are set forth below:

(a) Unauthorised Guarantees

- (i) During the period between 1st January, 2020 and 30th April, 2021, SJAI had provided the following Unauthorised Guarantees to the creditor banks set out in the table below as security for loans granted to Huachen:

			Guaranteed amount (RMB)	Outstanding balance under the Unauthorised Guarantees as per the summary of the Unauthorised Guarantees prepared by SJAI (RMB)	Outstanding balance under the Unauthorised Guarantees as of 31st December, 2020 as per confirmation from the relevant banks (RMB)	Outstanding balance under the Unauthorised Guarantees as of 30th April, 2021 as per confirmation from the relevant banks (RMB)
1.	China Everbright Bank	16th March, 2020	4,400,000,000	2,643,872,007.64	2,935,938,040.88	2,631,647,142.86
2.	Export-Import Bank	27th April, 2020	309,000,000	598,000,000.00	No reply from bank	No reply from bank
3.	Export-Import Bank	27th April, 2020	289,000,000			
4.	Huaxia Bank	4th June, 2020	400,000,000	199,747,143.78	199,747,143.78	199,747,143.78
5.	Huaxia Bank	15th September, 2020	200,000,000			
6.	Harbin Bank	19th May, 2020	300,000,000	300,000,000.00	300,000,000.00	300,000,000.00
Total guaranteed amount under the Unauthorised Guarantees			5,898,000,000	3,741,619,151.42	Not applicable	Not applicable

- (ii) Huachen had bypassed the Board and gave direct instructions to various senior management personnel of SJAI and Xing Yuan Dong to carry out each of the Unauthorised Guarantees. The Board was never informed of and has never approved of any of the Unauthorised Guarantees.

(b) Deposit Pledges

- (i) During the period between 1st January, 2020 and 30th April, 2021, SJAI had provided the following deposit pledges to the creditor banks set out in the table below as security for the bank acceptance bills:

Creditor bank	Holder of the Bank Acceptance Bills	Bank Acceptance Bills (RMB)	Structured deposits/term deposits deducted by the bank due to the failure in repayment of the	After the structured deposits/term deposits were transferred to the current savings account of SJAI, amount transferred by SJAI to the holder of the Bank Acceptance Bills to make the repayment	Amount of deposit outflow (RMB)	Accounting records
			Bank Acceptance Bills (RMB)	(RMB)		
Shengjing Bank (Shenyang Branch Business Department)	Huayixin	1,320,000,000 (Note 1)	50,000,000 (Note 2)	1,370,000,000	Recorded as other receivable due from Huayixin in the revised 2020 management accounts of SJAI	
Shengjing Bank (Yaming Branch)	Huayixin	230,000,000 (Note 3)	400,000,000 (Note 4)	630,000,000	Recorded as other receivable due from Huayixin in the revised 2020 management accounts of SJAI	
	Brilliance Power	340,000,000 (Note 5)	–	340,000,000	Recorded as other receivable due from Brilliance Power in the revised 2020 management accounts of SJAI	
Shengjing Bank (Wanquan Branch)	Huayixin	260,000,000 (Note 6)	–	260,000,000	Recorded as other receivable due from Huayixin in the revised 2020 management accounts of SJAI	
Shengjing Bank (Dongling Branch)	Huayixin	40,000,000 (Note 7)	–	40,000,000	Recorded as other receivable due from Huayixin in the revised 2020 management accounts of SJAI	
Yingkou Bank	Huayixin	–	300,000,000 (Note 8)	300,000,000	Recorded as other receivable due from Huayixin in the revised 2020 management accounts of SJAI	
	Huayixin	–	15,900,000 (Note 9)	15,900,000	Recorded as other receivable due from Huayixin in the revised 2020 management accounts of SJAI	
Shengjing Bank (Shenyang Branch Business Department)	Huayixin	350,000,000	–	350,000,000	This amount was deducted by Shengjing Bank (Shenyang Branch Business Department) in batches during the period between 11th June to 17th June, 2021, but due to the ongoing dispute between SJAI and Shengjing Bank (Shenyang Branch Business Department), this amount remains recorded in the management accounts of SJAI	

Creditor bank	Holder of the Bank Acceptance Bills	Structured deposits/term deposits deducted by the bank due to the failure in repayment of the Bank Acceptance Bills (RMB)	After the structured deposits/term deposits were transferred to the current savings account of SJAI, amount transferred by SJAI to the holder of the Bank Acceptance Bills to make the repayment	Amount of deposit outflow (RMB)	Accounting records
			(RMB)		
Shengjing Bank (Yaming Branch)	Brilliance Power	300,000,000	-	300,000,000	This amount was deducted by Shengjing Bank (Yaming Branch) in batches on 10th June and 11th June, 2021, but due to the ongoing dispute between SJAI and Shengjing Bank (Yaming Branch), this amount remains recorded in the management accounts of SJAI
Minsheng Bank	Huachen	400,000,000	-	400,000,000	Recorded as other receivable due from Huayixin in the management accounts of SJAI
		3,240,000,000	765,900,000		
Total amount of deposit outflow				4,005,900,000	

Notes:

- RMB1,320,000,000 was transferred from the bank account of SJAI to the internal bank account of Shengjing Bank (Shenyang Branch Business Department) on 10th July, 2020 and was deducted by the bank in batches during the period between 15th July to 23rd December, 2020 for repayment of the bank acceptance bill issued by Huayixin.
- RMB50,000,000 was transferred by SJAI to Huayixin to provide funding for repayment of the bank acceptance bill issued by Huayixin.
- RMB230,000,000 was transferred from the bank account of SJAI to the internal bank account of Shengjing Bank (Yaming Branch) on 10th July, 2020 and was deducted by the bank in batches during the period between 15th July to 11th December, 2020 for repayment of the bank acceptance bill issued by Huayixin.
- RMB400,000,000 was transferred by SJAI to Huayixin to provide funding for repayment of the bank acceptance bill issued by Huayixin.
- RMB340,000,000 was transferred from the bank account of SJAI to the internal bank account of Shengjing Bank (Yaming Branch) on 10th July, 2020 and was deducted by the bank in batches during the period between 15th July to 11th December, 2020 for repayment of the bank acceptance bill issued by Brilliance Power.
- RMB260,000,000 was transferred from the bank account of SJAI to the internal bank account of Shengjing Bank (Wanquan Branch) on 10th July, 2020 and was deducted by the bank in batches on 15th July and 17th July, 2020 for repayment of the bank acceptance bill issued by Huayixin.

7. RMB40,000,000 was transferred from the bank account of SJAI to the internal bank account of Shengjing Bank (Dongling Branch) on 10th July, 2020 and was deducted by the bank on 15th July, 2020 for repayment of the bank acceptance bill issued by Huayixin.
 8. RMB300,000,000 was transferred by SJAI to Huayixin to provide funding for repayment of the bank acceptance bill issued by Huayixin.
 9. The RMB15,900,000 was the interest accrued from the term deposit of RMB300,000,000 deposited by SJAI with Yingkou Bank. The full amount of such interest was transferred by SJAI to Huayixin to provide funding for repayment of the bank acceptance bill issued by Huayixin.
- (ii) Up to 30th April, 2021, the total amount of deposits of SJAI that have been deducted by Shengjing Bank, Minsheng Bank and Yingkou Bank for the repayment of the Bank Acceptance Bills amounted to RMB3,240,000,000 and the total amount of deposits of SJAI that have been transferred by SJAI to Huayixin to provide funding for repayment of the Bank Acceptance Bills issued by Huayixin amounted to RMB765,900,000. As a result of the provision of the Deposit Pledges, SJAI has incurred a loss on deposits of RMB4,005,900,000 (comprised of Deposit Pledges in the amount of RMB3,990,000,000 and interest in the amount of RMB15,900,000 accrued from the term deposit of RMB300,000,000 deposited by SJAI with Yingkou Bank).
- (iii) Huachen had bypassed the Board and gave direct instructions to various senior management personnel of SJAI and Xing Yuan Dong to carry out each of the Deposit Pledges. The Board was never informed of and has never approved of any of the Deposit Pledges.

(c) Inconsistencies in bank statements

- (i) During the Independent Investigation, RSM identified certain inconsistencies in opening and closing balances and omissions of certain bank transfers and deposits between the First Bank Statements, which were provided by SJAI to the Auditors and the Second Bank Statements, which were obtained directly from the banks by the Auditors.
- (ii) Each of Mr. Wang Jitao and Mr. Du Bo confessed to the making of the adjustments to the First Bank Statements upon noticing the discrepancies between the management accounts of SJAI and the First Bank Statements by concealing the inconsistent transactions from the First Bank Statements to align it with the management accounts of SJAI.

- (iii) Upon becoming aware of the inconsistencies between the First Bank Statements and the Second Bank Statements, Huachen bypassed the Board and gave direct instructions to various senior management personnel of SJAI and Xing Yuan Dong to make various adjustments to the management accounts of SJAI in accordance with the Second Bank Statements.
- (iv) Based on the interview with Mr. Wang Jitao, RSM noted that the adjustments made to the management accounts of SJAI mainly involved deducting the transfer of structured deposits to the current savings account of SJAI that were not recorded in the Second Bank Statements, deducting receipt of funds that were not recorded in the Second Bank Statements, setting off certain amounts due from Xing Yuan Dong to Huayixin against certain amounts due from Huayixin to SJAI, refund of certain funds to Xing Yuan Dong, transfer of funds from SJAI to Huayixin or Chenbao Auto and transfer of funds from Shenyang Huafa, Huayixin or Chenbao Auto to SJAI. As SJAI is a holding company and does not have any business operations, such transfer and receipt of funds to and from Huayixin and Chenbao Auto were mainly to facilitate the approval of the Bank Acceptance Bills issued by Huayixin or to alleviate the shortage in funds of Huachen by providing funding to Huayixin and Chenbao Auto for their repayment to Huachen.
- (v) The Board was never informed of and has never approved of any of the adjustments to the First Bank Statements to conceal inconsistent transactions nor the management accounts of SJAI as a result of the inconsistencies between the First Bank Statements and the Second Bank Statements.

RSM has also identified in the Independent Investigation certain corporate governance and internal control deficiencies of the Group (the “**Deficiencies**”). In light of the findings of the Independent Investigation and the Deficiencies identified by RSM, which were the major causes to the provision of the Unauthorised Guarantees and the Additional Issues, the Company engaged the Internal Control Consultant to conduct the Internal Control Review and the Expanded Internal Control Review. For details on the remedial actions implemented by the Group to address the root cause of the Unauthorised Guarantees and the Additional Issues and to prevent similar incidents from reoccurring, please refer to disclosure set out in the paragraph headed Resumption Guidance 5 in this announcement.

Taking into account the remedial actions adopted and implemented by the Group as disclosed under the paragraph headed Resumption Guidance 8 in this announcement, the Independent Board Committee and the Board are both of the view that the Group’s internal control systems and procedures, as strengthened by the remedial actions taken, are sufficient and adequate to address the issues which caused the Unauthorised Guarantees and the Additional Issues and to prevent similar issues from arising in future.

On the above basis, the Board is of the view that the Company has adequately fulfilled Resumption Guidance 1.

Resumption Guidance 2 – publish all outstanding financial results required under the Listing Rules and address any audit modifications

The Company has published (i) the announcement of audited annual results for the year ended 31st December, 2020 (the “**2020 Annual Results Announcement**”) on 29th July, 2022; (ii) the announcement of the unaudited interim results for the six months ended 30th June, 2021 on 29th July, 2022; (iii) the announcement of audited annual results for the year ended 31st December, 2021 (the “**2021 Annual Results Announcement**”) on 26th August, 2022; and (iv) the announcement of the unaudited interim results for the six months ended 30th June, 2022 (the “**2022 Interim Results Announcement**”) on 7th September, 2022.

Grant Thornton Hong Kong Limited (the “**Auditors**”), the external auditor of the Company, has issued a disclaimer opinion in the independent auditor’s report on the consolidated financial statements of the Company for the year ended 31st December, 2020 and a disclaimer opinion on the consolidated financial performance and consolidated cash flows of the Group for the year ended 31st December, 2021 (the “**Modified Opinion**”) and an unmodified opinion on the consolidated financial position of the Group as at 31st December, 2021. For further details, please refer to the 2020 Annual Results Announcement and the 2021 Annual Results Announcement.

The Auditors has indicated that, based on the measures taken and supporting documents provided by the Group as of the date of this announcement, all the issues resulted in the audit modifications in respect of the audited consolidated financial statements of the Company for the year ended 31st December, 2021, in the absence of any new developments which might come to its attention during the financial year ending 31st December, 2022 audit, have been resolved. The Directors consider the Group currently has sufficient and reliable corporate governance, internal controls and financial reporting systems. The management and the audit committee of the Company expect that the auditor’s report for the financial year ending 31st December, 2022 will only be modified with respect to the comparability of the financial year ending 31st December, 2022 figures and the corresponding figures. In addition, the management and the audit committee of the Company expect that the modified opinion with respect to the comparability is not applicable to the consolidated financial statements of the Company for the year ending 31st December, 2023, hence the auditor’s report for the financial year ending 31st December, 2023 will be unmodified. The Auditors also indicated that the aforesaid are not audit opinion formed by the Auditors on the individual issues and audit opinion will only be formed by the Auditors on the Company’s consolidated financial statements as a whole for each of the financial years ending 31st December, 2022 and 2023 after completion of the financial year audits.

On the above basis, the Board believes that the Modified Opinion have been properly addressed and is of the view that the Company has adequately fulfilled Resumption Guidance 2.

Resumption Guidance 3 – demonstrate that there is no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company’s management and operations, which may pose a risk to investors and damage market confidence

As disclosed in the Independent Investigation Announcement and the announcement of the Company dated 19th August, 2022 (the “**Independent Forensic Investigation Announcement**”), the findings of the Independent Investigation and the Independent Forensic Investigation indicate that the Financial Assurances came through Huachen’s capital management department. Huachen had bypassed the Board and gave direct instructions to various senior management personnel of the Group to carry out the Financial Assurances. The Board was never informed of and has never approved of any of the Financial Assurances.

References are also made to the announcements of the Company dated 8th November, 2021 and 16th September, 2022 in relation to the resignation of each of Ms. Ma Nina and Mr. Sun Baowei as an executive Director, respectively. The Company also confirmed that all the personnel who had extensive involvement in the carrying out of the Financial Assurances (including Mr. Du Bo and Mr. Wang Jitao) under Huachen’s instructions have resigned and no longer hold any position within the Group. Apart from Mr. Shen Tie Dong, who was only appointed as an executive Director after the Financial Assurances had taken place and was not involved in any of the Financial Assurances, who will remain as a director of Huachen with focus on its restructuring, no employees of Huachen have remained or held any positions in the Group.

To address the root cause of the Financial Assurances, Huachen has given an irrevocable and unconditional undertaking to the Company whereby, among others, Huachen will procure the Directors nominated by it to participate in the management, operations, finance and other matters of the Company only through their capacity as Directors, will not allow or nominate, directly or indirectly, whether through Huachen’s subsidiaries, joint ventures or by other methods, save for Mr. Shen Tie Dong who is a Director as at the date of this announcement, any employees of Huachen and its subsidiaries to remain or hold any office in the Company (together with its subsidiaries and joint ventures), and will ensure that any of the employees or agents of Huachen and its subsidiaries do not directly or indirectly influence, participate in and direct the Company (together with its subsidiaries and joint ventures) in any management, operational, financial or other matters (the “**Huachen Undertaking**”).

To strengthen its corporate governance, the Company has appointed Dr. Lam Kit Lan, Cynthia as an independent non-executive Director with effect from 21st September, 2022. Dr. Lam Kit Lan, Cynthia possesses strong compliance and corporate governance background. With the addition of Dr. Lam Kit Lan, Cynthia to the Board, coupled with the implementation of the enhanced internal control systems and procedures, which will also be instrumental in enforcing the Huachen Undertaking, and the remedial actions taken by the Group as set out in the paragraphs headed Resumption Guidance 5 and 8 in this announcement, the Company is of the view that the Directors and senior management team of the Company have attained the required management integrity and level of competence commensurate with their positions in managing the Company’s business and operations.

On the above basis, the Board is of the view that the Company has adequately fulfilled Resumption Guidance 3.

Resumption Guidance 4 – demonstrate that the directors of the Company meet a standard of competence commensurate with their position as directors of a listed issuer and fulfill duties of skill, care and diligence as required under Rules 3.08 and 3.09 of the Listing Rules

As at the date of this announcement, the Board comprises four executive Directors, Mr. Wu Xiao An (also known as Mr. Ng Siu On) (Chairman), Mr. Shen Tie Dong (Chief Executive Officer), Mr. Zhang Wei and Mr. Xu Daqing; and four independent non-executive Directors, Mr. Song Jian, Mr. Jiang Bo, Mr. Dong Yang and Dr. Lam Kit Lan, Cynthia. Please refer to (a) the section headed “Directors, Senior Management and Company Secretary” of the 2021 Annual Report for the respective biographies of Mr. Wu Xiao An, Mr. Shen Tie Dong, Mr. Zhang Wei, Mr. Song Jian, Mr. Jiang Bo and Mr. Dong Yang; (b) the announcement of the Company dated 20th September, 2022 in respect of the appointment of Dr. Lam Kit Lan, Cynthia as an independent non-executive Director and her biography; and (c) the announcements of the Company dated 26th September, 2022 and 27th September, 2022 in respect of the appointment of Mr. Xu Daqing as an executive Director and his biography.

Each of Mr. Dong Yang, Mr. Shen Tie Dong, Dr. Lam Kit Lan, Cynthia and Mr. Xu Daqing were appointed after the Financial Assistances had taken place and as disclosed in the Independent Investigation Announcement and the Independent Forensic Investigation Announcement, there was no evidence to show that the other existing Directors and senior management were involved in the Financial Assistances.

As set out in the paragraph headed Resumption Guidance 3 in this announcement, all the personnel who had extensive involvement in the carrying out of the Financial Assistances (including Mr. Du Bo and Mr. Wang Jitao) under Huachen’s instructions have resigned and no longer hold any position within the Group. Apart from Mr. Shen Tie Dong, who was only appointed as an executive Director after the Financial Assistances had taken place and was not involved in any of the Financial Assistances, who will also remain as a director of Huachen with focus on its restructuring, no employees of Huachen have remained or held any positions in the Group.

The Board, after taking into account of their experience, skill and background, is of the view that the current Directors possess the character, experience and integrity and are able to demonstrate a standard of competence commensurate with their positions as a director of a listed issuer as required under Rule 3.08 and 3.09 of the Listing Rules.

Furthermore, a comprehensive training session attended by the Directors and chief financial officers of the Company’s subsidiaries for further enhancing the directors and senior management’s awareness of their responsibilities and the Company’s obligations under, among others, the Listing Rules, had taken place on 26th August, 2022 in addition to the regular trainings attended by subsidiary senior management for making them aware that the Group is not subordinate to the management of Huachen and all instructions are to be coming from the Company and within the Group.

The Board is of the view that each member of the Board had been able to fulfill such duties of skill, care and diligence as required under Rules 3.08 and 3.09 of the Listing Rules. In particular, (i) none of the current Directors have been found to be acting in a dishonest, bad faith or similar manner otherwise than in the interest of the Company as a whole, and (ii) the current Directors have always been acting in the proper purpose to facilitate the Group's business operation.

On the above basis, the Board is of the view that the Company has adequately fulfilled Resumption Guidance 4.

Resumption Guidance 5 – conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet obligations under the Listing Rules

On 29th October, 2021, the Company engaged Moore Advisory Services Limited (the “**Internal Control Consultant**”) as the independent internal control review consultant to carry out a review of the internal control systems and procedures of the Group and make recommendations of remedial measures (the “**Internal Control Review**”).

On 7th December, 2021, the Internal Control Consultant issued a report of the Internal Control Review (the “**Internal Control Review Report**”) and the Company has published an announcement on 23rd December, 2021 in relation thereto. For details of the Internal Control Review Report and the key internal control weaknesses of the Group, please refer to the announcement of the Company dated 23rd December, 2021.

On 17th June, 2022, the Company further engaged the Independent Control Consultant to carry out a review of the implementation status of the remediation actions pursuant to the Internal Control Review as well as to expand the scope of the Internal Control Review on more extensive basis and to cover other operational subsidiaries of the Group not involved in the Unauthorised Guarantees and the Additional Issues (the “**Expanded Internal Control Review**”).

On 29th July, 2022, the Internal Control Consultant issued a report of the Expanded Internal Control Review (the “**Expanded Internal Control Review Report**”) and thereafter issued the reports on the review of the implementation status of the remediation actions recommended under the Internal Control Review and the Expanded Internal Control Review on 4th August, 2022 and 19th August, 2022, respectively. On 19th August, 2022, the Company issued an announcement which set forth summary of the result of the Expanded Internal Control Review and the result of the review of the implementation status of the remediation actions recommended under the Internal Control Review and the Expanded Internal Control Review and the view of the Internal Control Consultant and the recommendations of the Board were also set forth therein. For details of the Expanded Internal Control Review Report, the key internal control weaknesses of the Group and the remedial measures taken by the Group, please refer to the announcement of the Company dated 19th August, 2022.

According to the review of the implementation status of the remediation actions recommended under the Internal Control Review and the Expanded Internal Control Review, the Internal Control Consultant noted that on the basis of the Company's completion of implementation of the remedial measures recommended in the Internal Control Review Report and the Expanded Internal Control Review Report, there was no indication of any material deficiencies on the internal control systems and procedures in relation to the subsidiaries of the Company that were the subject of the Internal Control Review and the Expanded Internal Control Review as at 4th August, 2022 and 19th August, 2022, respectively. The Internal Control Consultant is satisfied that the Group currently has sufficient and reliable corporate governance, internal controls and financial reporting systems to fulfill the Company's obligations under the Listing Rules and is of the view that such strengthened internal control system can prevent similar incidents from recurring in the future.

After considering the Internal Control Review Report and the Expanded Internal Control Review Report and the recommendations, the Board considers that the measures recommended and the remedial measures implemented by members of the Group are adequate and sufficient to address all the key findings in the internal control systems and procedures of the Group as identified by the Internal Control Consultant. The Board is of the view that the Group's enhanced internal control system and procedures are sufficient to discharge the Company's obligations and safeguard its interests under the Listing Rules.

On the above basis, the Board is of the view that the Company has adequately fulfilled Resumption Guidance 5.

Resumption Guidance 6 – demonstrate compliance with Rule 13.24 of the Listing Rules

Sufficient Operations

The principal activity of the Company is investment holding and the Group was principally engaged in the manufacture and sale of BMW vehicles in the PRC through its major associate, BBA, the manufacture and sale of automotive components through its subsidiaries, Ningbo Yumin and Mianyang Ruian, and the provision of auto financing service through its subsidiary, BBAFC.

In February 2022, SJAI completed the disposal of 25% equity interest in BBA to BMW Holding B.V (the “**Disposal**”). Following completion of the Disposal, the Company continued to indirectly hold 25% equity interest in BBA, which is an associate of the Company and its financial results will continue to be equity accounted for in the financial statements of the Group. For details of the Disposal, please refer to the circular of the Company dated 31st December, 2018 and the announcement of the Company dated 11th February, 2022.

As disclosed in the announcements of the Company dated 12th January, 2022, the Shenyang Intermediate People's Court had accepted a restructuring of RBJAC on 12th January, 2022. According to the laws of the PRC, following the acceptance by the Shenyang Intermediate People's Court of the restructuring of RBJAC on 12th January, 2022, SJAI's rights as a shareholder of RBJAC had been subject to certain restrictions and accordingly the Company has not been able to exercise control over the operating activities and financial decision of RBJAC. As such, RBJAC has been deconsolidated from the financial statements of the Company with effect from 2022. Given the loss making position of RBJAC and the recent suspension of production of RBJAC, the deconsolidation of RBJAC from the Group will not have any material negative effect on the financial position of the Group.

Following the deconsolidation, the Group will continue to be principally engaged in the provision of auto financing service through BBAFC and the manufacture and sale automotive components through Ningbo Yumin and Mianyang Ruian.

As disclosed in the restated results for the year ended 31st December, 2019, the 2020 Annual Results and the 2021 Annual Results, BBAFC recorded (i) revenue of approximately RMB479.7 million, RMB581.6 million and RMB391.0 million; and (ii) profit of approximately RMB39.1 million, RMB49.9 million and RMB19.9 million, for the years ended 31st December, 2019, 2020 and 2021, respectively.

As further disclosed in the 2022 Interim Results Announcement, which has deconsolidated the financial statements of RBJAC from the Group's condensed consolidated financial statements for the six months ended 30th June, 2022, the Company recorded profit of approximately RMB830.0 million.

The business operations of the Group are continuing as usual in all material respects.

Sufficient Assets

As disclosed in the 2021 Annual Results Announcement and the 2022 Interim Results Announcement, the Group's audited total assets and net assets as at 31st December, 2021 were approximately RMB50.0 billion and RMB41.2 billion, respectively and the unaudited total assets and net assets as at 30th June, 2022 (following deconsolidation of the financial statements of RBJAC) were approximately RMB51.1 billion and RMB47.0 billion, respectively. As at 30th June, 2022, the Group's assets consists of, among others, property, plant and equipment in the amount of approximately RMB453.1 million, interests in associates of approximately RMB25.4 billion and cash and cash equivalents of approximately RMB17.9 billion. The property, plant and equipment are mainly equipment used in the manufacturing of automotive components business of the Group. With cash and cash equivalents of RMB17.9 billion, the Group has sufficient working capital to support its daily operation.

Based on the above, the Board is of the view that the Group has a viable and sustainable business with a sufficient level of operations and assets of sufficient value to support its operations to meet the requirements under Rule 13.24 of the Listing Rules and warrant the continued listing of the Shares on the Stock Exchange.

On the above basis, the Board is of the view that the Company has adequately fulfilled Resumption Guidance 6.

Resumption Guidance 7 – inform the market of all material information for the Company's shareholders and investors to appraise the Company's position

Since its trading suspension on 31st March, 2021, the Company has continued to disclose material information to the public by issuing announcements in a timely manner.

The Board believes that the Company has announced all material information it considers necessary and appropriate for the Company's shareholders and investors to appraise the Company's position.

On the above basis, the Board is of the view that the Company has adequately fulfilled Resumption Guidance 7.

Resumption Guidance 8 – conduct an independent forensic investigation with a view to identifying all unauthorised financial assistance made by the Group (including the Additional Fund Transfers) since 2019, announce the investigation findings, assess and announce the impact on the Company’s financial and operation position, and take appropriate remedial actions

On 15th March, 2022, the Independent Board Committee resolved to appoint RSM Corporate Advisory (Hong Kong) Limited (“**RSMCA**”) as the independent third party investigator to conduct the Independent Forensic Investigation with a view to identifying all unauthorised financial assistance made by the Group (including the Additional Fund Transfers) since 2019 and produce a report of findings on the Independent Forensic Investigation.

RSMCA issued the report of the Independent Forensic Investigation on 18th August, 2022 (the “**Independent Forensic Investigation Report**”) and the Company has published an announcement on 19th August, 2022 in relation thereto. For details of the Independent Forensic Investigation Report and the key findings, please refer to the announcement of the Company dated 19th August, 2022 (the “**Independent Forensic Investigation Announcement**”).

As a result of the Independent Forensic Investigation, apart from the Unauthorised Guarantees and the Deposit Pledges which were already revealed in the Independent Investigation, the Fund Transfers were identified and set forth in the Independent Forensic Investigation Report, which form the basis of consideration and assessment by the Independent Board Committee and the Board.

As disclosed in the Independent Forensic Investigation Announcement, based on the findings of the Independent Forensic Investigation, it was identified that during the period between 1st January, 2019 and 31st December, 2021, (i) SJAI had provided Unauthorised Guarantees in the aggregate amount RMB5,898,000,000 as security for loans granted to Huachen; (ii) SJAI and Xing Yuan Dong had provided the Deposit Pledges and the Xing Yuan Dong Deposit Pledge (as defined below) in the aggregate amount of RMB4,045,900,000 as security for the bank acceptance bills (also referred to as bank guaranteed notes in the consolidated financial statement issued by the Auditors of the Company for the year ended 31st December, 2020 and 2021) issued by Huayixin, Brilliance Power and Huachen; and (iii) certain subsidiaries of the Group had made fund transfers in the aggregate amount of RMB43,757,126,969.57 to Huachen and its subsidiaries and other third parties.

A summary of the transactions or incidents identified pursuant to the Independent Forensic Investigation comprised under the Financial Assurances are set forth below:

(a) Unauthorised Guarantees

- (i) For the period between 1st January, 2019 and 31st December, 2021, RSMCA did not identify any unauthorised contingent liability transactions in addition to the Unauthorised Guarantees identified in the Independent Investigation.

- (ii) Huachen had bypassed the Board and gave direct instructions to various senior management personnel of SJAI and Xing Yuan Dong to carry out each of the Unauthorised Guarantees. The Board was never informed of and has never approved of any of the Unauthorised Guarantees.

(b) Deposit Pledges

- (i) For the period between 1st January, 2019 and 31st December, 2021, apart from the Deposit Pledges, RSMCA identified one additional deposit pledge provided by Xing Yuan Dong to Shengjing Bank (Shenyang Branch Business Department) in the aggregate amount of RMB40,000,000 as security for bank acceptance bills issued by Huayixin. Although the amount of RMB40,000,000 was deducted by Shengjing Bank (Shenyang Branch Business Department) upon the maturity of the bank acceptance bills on 23rd December, 2020, the full amount of RMB40,000,000 was subsequently recovered from Huayixin on 31st December, 2020 (the “**Xing Yuan Dong Deposit Pledge**”).
- (ii) Huachen had bypassed the Board and gave direct instructions to various senior management personnel of SJAI and Xing Yuan Dong to carry out each of the Deposit Pledges and the Xing Yuan Dong Deposit Pledge. The Board was never informed of and has never approved of any of the Deposit Pledges and the Xing Yuan Dong Deposit Pledge.
- (iii) The total amount of deposits of SJAI and Xing Yuan Dong that have been deducted by Shengjing Bank, Minsheng Bank and Yingkou Bank for the repayment of the bank acceptance bills amounted to RMB3,280,000,000 (comprised of the Deposit Pledges identified in the Independent Investigation and the Xing Yuan Dong Deposit Pledge identified in the Independent Forensic Investigation) and the total amount of deposits of SJAI that have been transferred by SJAI to Huayixin to provide funding for repayment of the bank acceptance bills issued by Huayixin amounted to RMB765,900,000. As a result of the provision of the Deposit Pledges, SJAI has incurred a loss on deposits of RMB4,005,900,000 (comprised of Deposit Pledges in the amount of RMB3,990,000,000 and interest in the amount of RMB15,900,000 accrued from the term deposit of RMB300,000,000 deposited by SJAI with Yingkou Bank).
- (iv) Save for the Xing Yuan Dong Deposit Pledge, RSMCA did not identify any unauthorised deposit pledges in addition to the Deposit Pledges identified in the Independent Investigation.

(c) **Fund Transfers**

- (i) During the period between 1st January, 2019 and 31st December, 2021, certain subsidiaries of the Group had made the fund outflow transfers and received the fund inflow transfers to/from the parties set out in the table below:

Name of Target Company	Accumulated amount of fund outflows RMB	Accumulated amount of fund inflows RMB	Net inflows (-outflows) RMB
For the financial year ended 31st December, 2019			
The Huachen Investigated Companies	2,314,000,000.00	2,274,000,000.00	-40,000,000.00
The Dalian Huaxia Investigated Companies	9,898,000,000.00	4,670,000,000.00	-5,228,000,000.00
Independent Companies	-	-	-
Sub-total	12,212,000,000.00	6,944,000,000.00	-5,268,000,000.00
For the financial year ended 31st December, 2020			
The Huachen Investigated Companies	1,337,020,000.00	1,397,020,000.00	60,000,000.00
The Dalian Huaxia Investigated Companies	23,199,293,969.57	27,107,893,969.57	3,908,600,000.00
Independent Companies	2,064,813,000.00	2,064,813,000.00	-
Sub-total	26,601,126,969.57	30,569,726,969.57	3,968,600,000.00
For the financial year ended 31st December, 2021			
The Huachen Investigated Companies	-	-	-
The Dalian Huaxia Investigated Companies	2,070,000,000.00	1,620,000,000.00	-450,000,000.00
Independent Companies	2,604,000,000.00	2,600,000,000.00	-4,000,000.00
Sub-total	4,674,000,000.00	4,220,000,000.00	-454,000,000.00
Total	43,487,126,969.57	41,733,726,969.57	-1,753,400,000.00

Notes:

1. As disclosed in the Independent Forensic Investigation Report, in addition to the Fund Transfers listed above, RSMCA also noted from a bank statement of Xing Yuan Dong that there were a number of improperly recorded fund transfers transactions between Xing Yuan Dong and Huachen during January to March 2019 which involved aggregated fund outflows of RMB270,000,000 and fund inflows of RMB270,000,000. Such fund inflows and outflows have been fully netted off and should be aggregated with the Fund Transfers.

2. Furthermore, it was also noted that an off-setting arrangement among Xing Yuan Dong, SJAI and Huayixin was entered into for setting off the debt among the three parties which first arose at the end of 2019 when, given Huachen's liquidity issue, Xing Yuan Dong provided a loan in the amount of RMB1.29 billion to Huayixin, and in early 2020, Huayixin repaid RMB690 million to Xing Yuan Dong, leaving an amount of RMB600 million to be repaid to Xing Yuan Dong. At the same time, SJAI transferred RMB600 million to Xing Yuan Dong. Later in the first half of 2020, Huayixin transferred approximately RMB600 million to SJAI.
- (ii) Huachen had bypassed the Board and gave direct instructions to various senior management personnel of certain subsidiaries of the Group to carry out each of the Fund Transfers. The Board was never informed of and has never approved of any of the Fund Transfers.
 - (iii) According to the Independent Forensic Investigation, RSMCA has reviewed the shareholding structure and corporate information of each of the Huachen Investigated Companies, the Dalian Huaxia Investigated Companies and the Independent Companies. Save for the fact that a number of directors, supervisors, or former directors or supervisors of Xing Yuan Dong, Shenyang Jianhua, and Shenyang Dongxing had also concurrently served as directors or supervisors of various subsidiaries of Dalian Huaxia and Shenyang Automobile during various periods, there were no official records showing that any of the Dalian Huaxia Investigated Companies, the Independent Companies or their beneficial owners were connected persons of the Company when the Fund Transfers took place.
 - (iv) Furthermore, based on the review conducted by RSMCA, save that each of Dalian Huaxia and Huachen is a state-owned enterprise and the fact that a number of directors or supervisors or former directors or supervisors of various subsidiaries of Huachen had also concurrently served as directors or supervisors of various subsidiaries of Dalian Huaxia during various periods and Huayixin is a distributor of Huachen, there were no official records showing any relationship among the Huachen Investigated Companies, the Dalian Huaxia Investigated Companies and the Independent Companies.

The Independent Board Committee has reviewed and accepted the findings of the Independent Forensic Investigation. The Group has since implemented all the remedial actions recommended by the Internal Control Consultant and the Internal Control Consultant has performed follow-up review on the enhanced internal control systems and procedures and noted that on the basis of the Company's completion of implementation of the remedial measures recommended in the Internal Control Review Report and the Expanded Internal Control Review Report, there was no indication of any material deficiencies on the internal control systems and procedures in relation to the subsidiaries of the Company that were the subject of the Internal Control Review and the Expanded Internal Control Review. For further details on the Internal Control Review and the Expanded Internal Control Review, please refer to disclosure set out in the paragraph headed Resumption Guidance 5 in this announcement.

To further address the root cause of the Financial Assistances and to prevent similar incidents from reoccurring, Huachen has provided the Huachen Undertaking as disclosed in the paragraph headed Resumption Guidance 3 in this announcement and as at the date of this announcement, save for Mr. Shen Tie Dong, who was only appointed as an executive Director after the Financial Assistances had taken place and was not involved in any of the Financial Assistances, who will also remain as a director of Huachen with focus on its restructuring, no employees of Huachen have remained or held any positions in the Group.

Furthermore, a comprehensive training session attended by the Directors and chief financial officers of the Company's subsidiaries for further enhancing the directors and senior management's awareness of their responsibilities and the Company's obligations under, among others, the Listing Rules, had taken place on 26th August, 2022 in addition to the regular trainings attended by subsidiary senior management for making them aware that the Group is not subordinate to the management of Huachen and all instructions are to be coming from the Company and within the Group.

Taking into account the remedial actions adopted and implemented by the Company set out above, the Independent Board Committee and the Board are both of the view that the Group's internal control systems and procedures, as strengthened by the remedial actions taken, are sufficient and adequate to address the issues which caused the Financial Assistances and to prevent similar issues from arising in future.

On the above basis, it is submitted that the Company has adequately fulfilled Resumption Guidance 8.

RESUMPTION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on 31st March, 2021. Based on the reasons as disclosed above, the Board is of the view that all the Resumption Guidance has been fulfilled. Accordingly, the Company has made an application to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 5th October, 2022.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 3rd October, 2022

As at the date of this announcement, the Board comprises four executive Directors, Mr. Wu Xiao An (also known as Mr. Ng Siu On) (Chairman), Mr. Shen Tie Dong (Chief Executive Officer), Mr. Zhang Wei and Mr. Xu Daqing; and four independent non-executive Directors, Mr. Song Jian, Mr. Jiang Bo, Mr. Dong Yang and Dr. Lam Kit Lan, Cynthia.