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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)

SUPPLEMENTAL ANNOUNCEMENT CONNECTED TRANSACTION IN RELATION TO PURCHASE OF ASSETS

Reference is made to the announcements of the Company dated 14th April, 2025 and 28th April, 2025 in relation to the purchase of the Assets through public tender at the SAEE (the “**Announcements**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meaning as defined in the Announcements.

The Company would like to provide the Shareholders and potential investors of the Company with additional information in relation to the Purchase.

Information of the Assets

The Assets purchased by the Purchaser consist of 136 units of machinery equipment including stamping equipment and research and development equipment. The consideration for the Purchase was determined with reference to 100% of a valuation report dated 30th December, 2024 issued by an independent valuer (the “**Valuation Report**”) with the appraised value of the Assets as at 31st July, 2024, based on the cost valuation approach, at RMB54,405,050 (tax inclusive).

According to the Valuation Report, the Assets were purchased by Huachen between 2009 and 2020. The original acquisition costs of the Assets held by Huachen was approximately RMB163,157,764.16 and the unaudited net book value of the Assets was approximately RMB69,810,151.67 as of 31st December, 2024. Cost valuation is a method of determining the value of the Assets by estimating the replacement cost of new Assets, then deducting physical depreciation, functional depreciation and economic depreciation, or determining the comprehensive newness rate.

According to the Valuation Report, the appraised value was determined in the following manner:

Appraised value = full replacement cost of the Assets \times comprehensive newness rate of the Assets

Where:

- (a) The replacement cost of the Assets of approximately RMB203,020,500 was determined with reference to the market price of the Assets through making enquiry with manufacturer and trading company and referring to the 2024 Electromechanical Product Quotation System Network (2024機電產品報價系統網) and recent contract prices of similar Assets. As the Assets will be relocated, the replacement cost did not take into account of other costs such as transportation fees, installation and commissioning fees, initial costs, and capital costs, nor deductible value-added taxes.
- (b) The comprehensive newness rate of the Assets was determined based on a combination of the surveyed newness rate and the newness rate over useful life in the following manner:

Newness rate = Surveyed newness rate \times 60% + Newness rate over useful life \times 40%

The newness rate of the Assets in the valuation ranges from 10% to 68%.

Reasons for and benefits of entering into the Assets Transfer Agreement

As disclosed in the Announcements, prior to the Restructuring, the Purchaser was principally engaged in the manufacture and sale of automobiles and automotive components and had been utilising the stamping workshops and research and development equipment provided by Huachen for its production of automobiles and development of new automobile models. The Assets were utilised mainly by the Purchaser prior to 2020 and had been kept at a well maintained condition. As a result of the restructuring of Huachen and the Restructuring, the business operation of Huachen and the Purchaser had been suspended since November 2020 and January 2022, respectively.

Following completion of the Restructuring at end of May 2024, the Purchaser is progressively recommencing its business of manufacture and sale of automobiles and automotive components. The Purchaser had been utilising the Assets prior to the Restructuring in its production of automobiles, hence its familiarity with the operation of the Assets will expedite the recommencement of its operation and will enhance the production capability and capacity of the Purchaser to ensure the Purchaser is able to meet its current automobile orders and satisfy the growing demand for its automobiles. As the Assets have been kept idled since November 2020 and remained in its original installation state up to the completion of the Purchase, the Purchaser had physically inspected the condition of the Assets prior to the Purchase and ensured that it is functional and can meet production needs. Given the Assets have either already been installed and are located in the close proximity of the factory of the Purchaser or were imported from abroad, the Purchase would facilitate the Purchaser's recommencement of its manufacture of automobiles and would reduce the time and costs associated with assembling and installation of stamping equipment, as well as the extended import lead time, import duties and costs associated with importing the research and development equipment.

In accordance with national laws and regulations in the PRC, the valuation shall have a validity period of one year from the appraised date of 31st July, 2024. As the Assets have been idled since November 2020 up to the date of completion of the Purchase and there has been no major policy or circumstantial changes which has impacted on the Assets since 31st July, 2024, the Board is of the view that the Valuation Report is a relevant and valid source for reflecting the current fair value of the Assets. Having considered the reasons set out above and on balance of the significantly higher costs involved in purchasing brand new stamping equipment and research and development equipment in the market, the Directors (including independent non-executive Directors) are of the view that the Assets Transfer Agreement and the transactions contemplated thereunder were entered into in the ordinary and usual course of the Company's business on normal commercial terms and the terms set out therein are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

By order of the Board
Brilliance China Automotive Holdings Limited
Zhang Yue
Chairman and Chief Executive Officer

Hong Kong, 8th May, 2025

As at the date of this announcement, the Board comprises three executive Directors, Mr. Zhang Yue (Chairman and Chief Executive Officer), Mr. Zhang Wei and Mr. Guo Hongbo; and four independent non-executive Directors, Mr. Song Jian, Mr. Jiang Bo, Mr. Dong Yang and Dr. Lam Kit Lan, Cynthia.

** For identification purposes only*