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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)

**POSSIBLE DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE POSSIBLE DISPOSAL OF 49% EQUITY INTEREST IN
SHENYANG BRILLIANCE POWER TRAIN MACHINERY CO., LTD.**

THE POSSIBLE DISPOSAL

References are made to the Announcements in relation to the Huachen Restructuring. Pursuant to the Restructuring Plan, it is proposed that to facilitate the Huachen Restructuring, among others, the Company shall transfer the Equity Interest to Huachen at nil consideration. As the Restructuring Plan remained subject to the approval of the creditors of Huachen at a creditors' meeting to be convened on 30th June, 2022 and by the Shenyang Intermediate People's Court, the Possible Disposal will only materialise following the approval of the Restructuring Plan by the creditors of Huachen and by the Shenyang Intermediate People's Court.

Following completion of the Possible Disposal, the Company will cease to hold any equity interest in Shenyang Brilliance Power, and Shenyang Brilliance Power will cease to be an associate of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Possible Disposal exceed 5% but all are less than 25%, the Possible Disposal, if materialises, will constitute a discloseable transaction for the Company, and is subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

* For identification purposes only

As at the date of this announcement, Huachen, through its wholly-owned subsidiary, Liaoning Xinrui, is interested in 1,535,074,988 Shares (representing approximately 30.43% of the entire issued share capital of the Company). Accordingly, Huachen is a connected person of the Company under Chapter 14A of the Listing Rules and the Possible Disposal, if materialises, will constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. Since all applicable percentage ratios (as defined in the Listing Rules) in respect of the Possible Disposal are less than 25% and the consideration of the Possible Disposal is less than HK\$10,000,000, the Possible Disposal constitutes a connected transaction for the Company which is subject to the reporting and announcement requirements and is exempt from the independent Shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

Mr. Shen Tie Dong is a director of Huachen. Due to common directorship, Mr. Shen Tie Dong abstained from voting on the board resolutions approving the Possible Disposal. Save as aforesaid, no Director has a material interest in the Possible Disposal.

THE POSSIBLE DISPOSAL

References are made to the Announcements in relation to the Huachen Restructuring. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

As disclosed in the Announcements, the Company has been informed that on 2nd June, 2022, Huachen and a number of its related companies have presented the Restructuring Plan to the Shenyang Intermediate People's Court and requested for convening a creditors' meeting to vote on the Restructuring Plan. The Company was further informed that on 8th June, 2022, the Shenyang Intermediate People's Court directed that the creditors' meeting of Huachen be convened on 30th June, 2022.

Pursuant to the Restructuring Plan, it is proposed that to facilitate the Huachen Restructuring, among others, the Company shall transfer the Equity Interest to Huachen at nil consideration. As the Restructuring Plan remained subject to the approval of the creditors of Huachen at the creditors' meeting of Huachen to be convened on 30th June, 2022 and by the Shenyang Intermediate People's Court, the Possible Disposal will only materialise following the approval of the Restructuring Plan by the creditors of Huachen and by the Shenyang Intermediate People's Court.

The Company will continue to closely monitor the development of the Huachen Restructuring and will keep the shareholders of the Company and the public informed of any major developments in relation to the Huachen Restructuring by issuing further announcement(s) as and when appropriate.

INFORMATION ON SHENYANG BRILLIANCE POWER

Shenyang Brilliance Power is a company established in the PRC with limited liability and its equity interests are owned as to 49% and 51% by the Company and Huachen, respectively, as at the date of this announcement and is therefore an associate of the Company. It is principally engaged in the manufacture and sale of power trains in the PRC.

Set out below are the financial information of Shenyang Brilliance Power for the year ended 31st December, 2021 and 31st December, 2020, prepared under the PRC Generally Accepted Accounting Principles:

	For the year ended	
	31st December	
	2021	2020
	(unaudited)	(audited)
	<i>RMB</i>	<i>RMB</i>
Loss before taxation and extraordinary items	(3,888,332,149)	(176,739,713)
Loss after taxation and extraordinary items	(3,887,532,106)	(175,954,409)

Based on the unaudited management accounts of Shenyang Brilliance Power, the unaudited net liabilities of Shenyang Brilliance Power as at 31st December, 2021 is approximately RMB(3,857,777,663).

INFORMATION ON THE COMPANY

The Group is engaged in the manufacture and sale of automobiles and automotive components, and the provision of automotive financing service to customers and dealers. In addition, the Group also owns a 25% equity interest in its major joint venture BMW Brilliance Automotive Ltd. which is engaged in the manufacture and sale of BMW vehicles in the PRC.

INFORMATION ON HUACHEN

Huachen is a state-owned limited liability company which was established under the laws of the PRC on 16th September, 2002 and is beneficially owned as to 80% by the State-owned Assets Supervision and Administration Commission of Liaoning Provincial Government (遼寧省人民政府國有資產監督管理委員會) and as to 20% by Liaoning Provincial Social Security Fund Council (Liaoning Province Industry (Entrepreneurship) Investment Guidance Fund Management Centre). The principal activities of Huachen include but are not limited to investment holding and the manufacture, refitting and sale of automobiles.

FINANCIAL EFFECTS OF AND REASONS FOR THE POSSIBLE DISPOSAL

As disclosed in the Announcements, Huachen and a number of its related companies have presented the Restructuring Plan to the Shenyang Intermediate People's Court, which included, among others, a proposal to require minority shareholders to certain related companies of Huachen to transfer interest in such related companies to Huachen to facilitate the Huachen Restructuring. The Company, being a minority shareholder in Shenyang Brilliance Power, will be required to transfer the Equity Interest to Huachen if the Restructuring Plan is approved by the creditors of Huachen and by the Shenyang Intermediate People's Court.

The business of Shenyang Brilliance Power focuses on manufacture and sale of power trains in the PRC and has been recording a net loss for the past three financial years. Given that Shenyang Brilliance Power has ceased operation since 2020 and has not been generating any revenue to the Group, the Group has already impaired the investment in an associate in respect of the Equity Interest. As such, if the Possible Disposal materialises, it will not have any adverse financial impact to the Group nor have any adverse impact on the business of the Group. Following completion of the Possible Disposal, the Company will cease to hold any equity interest in Shenyang Brilliance Power, and Shenyang Brilliance Power will cease to be an associate of the Group. There will be no sale proceeds from the Possible Disposal, and therefore no intended application for any sale proceeds.

The Board considers that the disposal of the Equity Interest will facilitate the success of the Huachen Restructuring which will also be beneficial to the Group as it will enable the Group, as creditor of Huachen, to share in the distribution under the Huachen Restructuring. As Huachen is a controlling Shareholder, the successful implementation of the Huachen Restructuring will provide the market with certainty on the shareholding and prospects of the Company, which is in the best interest of the Company and the Shareholders as a whole.

Taking into consideration of the above factors, the Directors (including the independent non-executive Directors) consider that the terms of the Possible Disposal are in the interests of the Company and the Shareholders as a whole.

REQUIREMENTS OF THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Possible Disposal exceed 5% but all are less than 25%, the Possible Disposal, if materialises, will constitute a discloseable transaction for the Company, and is subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As at the date of this announcement, Huachen, through its wholly-owned subsidiary, Liaoning Xinrui, is interested in 1,535,074,988 Shares (representing approximately 30.43% of the entire issued share capital of the Company). Accordingly, Huachen is a connected person of the Company under Chapter 14A of the Listing Rules and the Possible Disposal, if materialises, will constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. Since all applicable percentage ratios (as defined in the Listing Rules) in respect of the Possible Disposal are less than 25% and the consideration of the Possible Disposal is less than HK\$10,000,000, the Possible Disposal constitutes a connected transaction for the Company which is subject to the reporting and announcement requirements and is exempt from the independent Shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

Mr. Shen Tie Dong is a director of Huachen. Due to common directorship, Mr. Shen Tie Dong abstained from voting on the board resolutions approving the Possible Disposal. Save as aforesaid, no Director has a material interest in the Possible Disposal.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 31st March, 2021, and will remain suspended until further notice pending fulfillment of the Resumption Guidance.

WARNING OF RISKS OF DEALING IN SHARES

Shareholders and potential investors should note that the Possible Disposal is subject to the approval of the creditors of Huachen and the Shenyang Intermediate People's Court. Accordingly, the Possible Disposal may or may not materialise. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

DEFINITIONS

In this announcement, unless otherwise defined, terms used herein shall have the following meanings:

“Announcements”	the announcement of the Company dated 20th November, 2020 and 9th June, 2022 in relation to the Huachen Restructuring;
“associates”	has the meaning ascribed thereto in the Listing Rules;
“Board”	the board of Directors;
“Company”	Brilliance China Automotive Holdings Limited (華晨中國汽車控股有限公司*), an exempted company incorporated in Bermuda with limited liability on 9th June, 1992, whose securities are listed on the Stock Exchange;
“connected persons”	has the meaning ascribed thereto in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Equity Interest”	the 49% equity interest held by the Company in Shenyang Brilliance Power;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Huachen”	華晨汽車集團控股有限公司(Huachen Automotive Group Holdings Company Limited*), the controlling shareholder of the Company which as at the date of this announcement is, through Liaoning Xinrui, interested in approximately 30.43% of the issued share capital of the Company;
“Huachen Restructuring”	the restructuring of Huachen as disclosed in the Announcements;
“Liaoning Xinrui”	遼寧鑫瑞汽車產業發展有限公司(Liaoning Xinrui Automotive Industry Development Co., Ltd.*), a wholly-owned subsidiary of Huachen and the controlling shareholder of the Company which as at the date of this announcement is interested in approximately 30.43% of the issued share capital of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Possible Disposal”	the possible disposal of the Equity Interest by the Company to Huachen pursuant to the Restructuring Plan;
“PRC”	The People’s Republic of China and, for the sole purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Restructuring Plan”	the draft restructuring plan of Huachen presented by Huachen and a number of its related companies to the Shenyang Intermediate People’s Court on 2nd June, 2022;
“RMB”	renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of Shares;
“Shares”	shares at par value of US\$0.01 each in the share capital of the Company;
“Shenyang Brilliance Power”	Shenyang Brilliance Power Train Machinery Co., Ltd. (瀋陽華晨動力機械有限公司), a company established in the PRC with limited liability and the equity interests of which are owned as to 49% by the Company and 51% by Huachen;
“Shenyang Intermediate People’s Court”	Shenyang Intermediate People’s Court (瀋陽市中級人民法院);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“subsidiary” has the meaning ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);

“US\$” United States dollars, the lawful currency of the United States of America; and

“%” per cent.

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

Hong Kong, 21st June, 2022

As at the date of this announcement, the Board comprises four executive directors of the Company, Mr. Wu Xiao An (also known as Mr. Ng Siu On) (Chairman), Mr. Shen Tie Dong (Chief Executive Officer), Mr. Zhang Wei and Mr. Sun Baowei; and three independent non-executive directors of the Company, Mr. Song Jian, Mr. Jiang Bo and Mr. Dong Yang.

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