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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)

**ANNOUNCEMENT – MAJOR TRANSACTION
DISPOSAL OF 25% EQUITY INTEREST IN
BMW BRILLIANCE AUTOMOTIVE LTD.**

(華晨寶馬汽車有限公司)*

AND

RESUMPTION OF TRADING

Financial Adviser to the Company

**Goldman
Sachs**

Goldman Sachs (Asia) L.L.C.

DISPOSAL OF 25% EQUITY INTEREST IN BMW BRILLIANCE AUTOMOTIVE LTD.

The Board would like to announce that on October 11, 2018, the Company agreed with BMW on a new ownership structure of BBA, a sino-foreign equity joint venture owned as to 50% by SJBA (an indirect wholly-owned subsidiary of the Company) and as to 50% by BMW, together with other new products and strategic investments in BBA and the extension of the current joint venture term to the year 2040, subject to fulfilment of the Conditions, including the necessary approvals by the PRC Government.

In April 2018, the PRC Government announced that the foreign ownership restrictions in the Chinese auto sector, according to which foreign investors are restricted from owning more than 50% interest in auto manufacturing companies, would be relaxed and the Chinese market for passenger vehicles would be opened up in 2022. Against these developments and background, BMW made a request to the Company to acquire 25% stake in BBA from SJBA such that following the Completion, which is expected to take place by no later than 2022, BBA will be beneficially owned as to 25% and 75% by SJBA and BMW, respectively.

* For identification purposes only

Having considered the changes in the regulatory policies and the resulting uncertainties to the future cooperation between the parties under the existing joint venture, and in a view to continue to sustain and provide stability to the Group as well as to participate in the long-term development of the Chinese premium auto industry, the Company, with the support of the PRC Government, has reached agreement with BMW on the Disposal alongside the introduction of new BMW products and other strategic investments in BBA as well as a new joint venture term until the year 2040, which together form an integral part of the overall transaction.

Accordingly, on October 11, 2018, (i) the Company, SJBA and BMW entered into the Transaction Framework Agreement; (ii) SJBA and BMW entered into the Equity Transfer Agreement; (iii) SJBA and BMW entered into the Restated JV Contract and the Sixth Amendment to the Articles of Association; (iv) BBA and Shenyang Municipal Government entered into the Investment Agreements; and (v) Huachen executed in favour of BMW the Irrevocable Undertaking. Key terms of the above documents are described in more detail below.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules are more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company and therefore, is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

A circular containing, among other things, further information in respect of the Transaction Documents and the transactions contemplated thereunder and other information as required by the Listing Rules, together with the notice convening the SGM and the proxy form in respect of the SGM is expected to be despatched to the Shareholders on or before November 2, 2018.

IRREVOCABLE UNDERTAKING FROM HUACHEN ON VOTING AT SGM

Pursuant to the Irrevocable Undertaking, Huachen undertakes and warrants that it shall attend (either in person through its corporate representative(s) or by proxy duly appointed) and exercise or procure the attendance and exercise of the voting rights attached to the Relevant Shares, at the SGM to consider and vote on the Disposal, to approve the Disposal in accordance with the terms and subject to the conditions as set out in the circular to be despatched by the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was halted with effect from 9:00 a.m. on October 11, 2018 pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on October 12, 2018.

INTRODUCTION

The Board would like to announce that on October 11, 2018, the Company has agreed with BMW on a new ownership structure of BBA, a sino-foreign equity joint venture owned as to 50% by SJBA (an indirect wholly-owned subsidiary of the Company) and as to 50% by BMW, together with other new products and strategic investments in BBA as well as the extension of the current joint venture term to the year 2040, subject to fulfilment of the Conditions, including the necessary approvals by the PRC Government.

Accordingly, on October 11, 2018, (i) the Company, SJBA and BMW entered into the Transaction Framework Agreement; (ii) SJBA and BMW entered into the Equity Transfer Agreement; (iii) SJBA and BMW entered into the Restated JV Contract and the Sixth Amendment to the Articles of Association; (iv) BBA and Shenyang Municipal Government entered into the Investment Agreements; and (v) Huachen executed in favour of BMW the Irrevocable Undertaking. Key terms of the Transaction Framework Agreement, the Equity Transfer Agreement, the Restated JV Contract and the Restated Articles (as amended and supplemented by the Sixth Amendment to the Articles of Association), the Investment Agreements and the Irrevocable Undertaking are described in more detail below.

I. TRANSACTION FRAMEWORK AGREEMENT

1. Date

October 11, 2018

2. Parties

- (a) The Company
- (b) SJBA
- (c) BMW

3. Transfer of the Target Equity Interest

Subject to the Conditions (as set out in the Equity Transfer Agreement) and in accordance with the Equity Transfer Agreement, SJBA shall transfer the Target Equity Interest to BMW, so that upon the Completion, the equity interest of BMW in BBA will be increased from 50% to 75% of the registered capital of BBA.

4. Transaction Steps

The parties shall use their best efforts to obtain all applicable approvals and procure the convening of all meetings, the passing of all resolutions and the signing of all documents as are necessary to implement the Disposal pursuant to the Transaction Framework Agreement, including:

A. *State-owned Assets Appraisal*

SJBA and the Company had appointed the Independent Valuer to issue the Valuation Report which has been filed with the SASAC. SASAC of Liaoning Province issued its approval letter dated September 29, 2018 for the transfer of the Target Equity Interest from SJBA to BMW.

B. *Shareholders' Approval*

The Company shall promptly complete all required regulatory procedures for the purpose of consummating the transactions contemplated under the Transaction Documents in accordance with the applicable rules, regulations and requirements of the Stock Exchange.

C. *The PRC and Germany Regulatory Process*

After obtaining the Shareholders' approval at the SGM, the parties shall use their best efforts to complete all necessary regulatory procedures in accordance with the Equity Transfer Agreement, including the obtaining of approvals from NDRC, MOFCOM, SAMR, the clearance by the German anti-trust authority in respect of the acquisition of the Target Equity Interest by BMW and the procuring of the issuance of a new business license for BBA by SAMR or its local delegate, evidencing BMW as the holder of the Target Equity Interest.

5. New Investments

The parties shall cause BBA to implement the new investments (the “**New Investments**”) as follows:

- (a) localization of “BMW X5” and BEV vehicles with start of production envisaged in 2022; and
- (b) all matters and investments related to the Dadong plant expansion as well as the construction of a new Tiexi plant as set out in the Investment Agreements.

II. EQUITY TRANSFER AGREEMENT

1. Date

October 11, 2018

2. Parties

(a) SJBA

(b) BMW

3. Interest to be Disposed of

25% equity interest in BBA held by SJBA

4. Consideration

The Consideration for the transfer of the Target Equity Interest from SJBA to BMW is RMB29 billion (with reference to the fair value estimate of approximately RMB115.8 billion of 100% equity interest of BBA as of the Locked Box Date, i.e. June 30, 2018), subject to adjustments as set out in more detail below, which shall be settled by BMW in cash on the Completion Date.

The Consideration was determined after arm's length negotiations between the parties and their respective advisors with reference to various factors including: (i) the Valuation Report; (ii) the consolidated financial position and performance of BBA; (iii) publicly available valuation reference points for BBA and comparable companies; and (iv) the commercial reasons and benefits set out in the section headed "Reasons for and Benefits from the Disposal" below.

Valuation Report

The Independent Valuer performed an independent valuation to appraise the value of BBA using the income-based approach and the market-based approach, and selected the income-based approach as the adopted valuation methodology for the Valuation Report. The valuation of BBA is required by the applicable laws and regulations in the PRC that are applicable to SJBA in connection with the Disposal. Based on the Valuation Report, fair value estimate of the valuation of 100% equity interest of BBA as of the Locked Box Date, i.e. June 30, 2018, was approximately RMB115.8 billion.

5. Adjustment to Consideration

The amount of the Consideration shall be subject to the following adjustments:

- (a) increased by the amount of interest applicable to the Consideration which is calculated on a daily basis at the rate of 6% per annum from (and including) the Locked Box Date to (but excluding) the Completion Date;
- (b) reduced by the amount of any Leakage;
- (c) reduced by the amount of any Brilliance's Pre-Completion Tax Liability; and
- (d) reduced by the amount of interest on the relevant Leakage and Pre-Completion Tax Liability calculated on a daily basis at the rate of 6% per annum from (and including) the date of occurrence of the relevant Leakage or the Pre-Completion Tax Liability (as the case may be) to (but excluding) the Completion Date.

6. Conditions

The Disposal shall be subject to and conditional upon the following conditions (the "**Conditions**"):

- (a) the approval of the Shareholders in respect of the Disposal having been obtained in accordance with the requirements of the Listing Rules;
- (b) the approval of the NDRC Approval Matters by the NDRC having been obtained;
- (c) the approval of the Equity Transfer Agreement, the Restated JV Contract and the Restated Articles by the MOFCOM having been obtained;
- (d) the German anti-trust authority having cleared the anti-trust clearance application for the Disposal;
- (e) the approval for the anti-trust clearance application submitted to the SAMR for the Disposal; and
- (f) the SAMR or its local delegate having issued a new business license for BBA, evidencing BMW as holder of the Target Equity Interest.

7. Pre-completion undertakings

From the date of the Equity Transfer Agreement to the Completion Date, SJBA shall ensure (to the extent it is able through the exercise of its voting rights as an investor in BBA) that:

- (a) the business of BBA is carried on in all material respects only in the ordinary course;
- (b) the business and operation of BBA is conducted strictly in accordance with the existing JV Contract; and
- (c) it will approve (and will cause the directors it appointed to BBA to approve) all matters related to the New Investments, and it will not unreasonably withhold its approval for other matters that might be presented to the board of directors of BBA.

8. Completion

Completion shall take place on: (a) the fifth business day after the fulfilment of all of the Conditions; or (b) any other day and time agreed by the parties in writing. It is expected that the Completion will take place by no later than 2022.

III. RESTATED JV CONTRACT AND RESTATED ARTICLES

1. Effective Date

Executed on October 11, 2018 and will become effective upon the approval by MOFCOM

2. Parties to Restated JV Contract

- (a) SJBA
- (b) BMW

3. Term

The term of the joint venture contract is extended to 2040

4. Registered Capital

The registered capital of BBA shall be €150 million comprising:

- (a) €37.5 million as SJBA's capital contribution amount, representing 25% of the total registered capital of BBA; and
- (b) €112.5 million as BMW's capital contribution amount, representing 75% of the total registered capital of BBA.

5. Business scope of BBA

The business scope of BBA shall be, among other things, to produce BMW and ZINORO passenger cars, engines, power battery, parts and components, and accessories therefor; to sell products produced by itself; to provide after-sale services in connection with its products; to lease its products; to conduct research and development in connection with automotive technologies and to transfer technologies; to conduct import and export of various goods and technologies or to act as agent for import and export of various goods and technologies (excluding goods and technologies of which import and export should be carried out by appointed companies or which is prohibited by the state); to conduct the business as a customs supervision operation premise to centrally handle import and export, loading and unloading, storage, container assembly, temporary deposit, disassembly, inspection, fumigation and demurrage storage for goods under customs supervision and related business activities; to conduct wholesale and retail of used cars, automotive and motorcycle parts and components, accessories and automotive interior articles as well as BMW-lifestyle articles; to lease self-owned real estate; to carry out recycling business of vehicles and the parts, components, and accessories therefore; and to conduct all business activities necessary for or ancillary to automobile production and sales.

6. Production scale and new products

The annual production scale of BBA is estimated to be one million passenger vehicles. In addition to the existing products of BBA, new products (including BMW passenger cars such as the X5 model and the future BEV models) will be produced and sold by BBA in the PRC.

7. Board of Directors and senior management

After the Completion, the board of directors of BBA shall consist of eight directors, of which six directors shall be appointed by BMW and two directors shall be appointed by SJBA. The chairman of the board of directors of BBA shall be appointed by BMW and the vice-chairman shall be appointed by SJBA.

Except for the deputy general manager finance with the function of chief financial officer (which shall be nominated by SJBA) and the deputy general manager human resources (which shall be nominated by both SJBA and BMW), all senior corporate officers of BBA shall be nominated by BMW and appointed by the board of directors of BBA.

8. Matters requiring unanimous consent of the board of directors of BBA

The following matters, amongst others, require unanimous consent of all the directors of BBA:

- (a) amendment of the articles of association of BBA;

- (b) increase, decrease, transfer, assignment or pledge of BBA's registered capital and the adjustment of the proportions of each party's contribution to the registered capital;
- (c) merger of BBA with any other economic organization, or split or division of BBA;
- (d) suspension of BBA's operation, and/or termination, dissolution or liquidation of BBA;
- (e) establishment of or investment in any company by BBA; sale, transfer, assignment or disposal by BBA of any equity interest in another company; establishment of a branch by BBA in the PRC or outside of the PRC;
- (f) any material connected transaction between BBA and one party to the Restated JV Contract (or any affiliate of one party to the Restated JV Contract), unless such transaction was separately approved in the business plan and budget of BBA;
- (g) the approval of any material credit lines, structured financing, or issuance of public and private debentures by BBA, unless such transaction was separately approved in the business plan and budget of BBA;
- (h) approval of any guarantee to be made by BBA or of any mortgage, pledge, or creation of any security interest in any material assets of BBA, that is both outside of BBA's ordinary course of business and not included in the business plan and budget of BBA; and
- (i) distribution and payment of less than 30% of the distributable profits of BBA.

9. Shares transfer restriction

Neither party shall, without the prior written consent of the other party, assign, pledge or otherwise encumber any of its interest in the registered capital of BBA, except to its affiliate in accordance with the provisions of the Restated JV Contract.

10. Dividend policy

After paying taxes in accordance with the relevant PRC laws and making allocations to the reserve funds, expansion funds, bonuses and welfare funds for staff workers, BBA's remaining profits either shall be distributed between the parties according to the parties' ratio of contribution to BBA's registered capital or shall be retained or reinvested as decided by the board of directors of BBA. Except by the unanimous approval by the board of directors of BBA, the amount of profits to be distributed by BBA for a financial year shall be no less than 30% of the distributable profits of BBA generated in the previous financial year.

IV. INVESTMENT AGREEMENTS

1. Date

October 11, 2018

2. Parties

- (a) Shenyang Municipal Government
- (b) BBA

3. Investments by BBA

BBA undertakes to expand the manufacturing plant of BBA at Dadong District, Shenyang City and construct a new plant in Tiexi District, Shenyang City, subject to compliance with the applicable PRC laws and regulations, as well as to expand its manufacturing capacity for certain BMW branded passenger car products and introduce new BMW models for localisation.

4. Support of Shenyang Municipal Government

In consideration of the aforesaid investments in Shenyang City, Shenyang Municipal Government agrees to provide financial and other support to BBA including, but not limited to: (i) facilitate the acquisition of land use right for construction of the new plant and expansion of the existing facility by BBA and prepare such land in accordance with BBA's public supply and transport infrastructure requirements, (ii) coordinate with the relevant authorities in relation to the process for obtaining the necessary approvals and licences, and (iii) grant certain subsidies to BBA in support of its said investments.

V. IRREVOCABLE UNDERTAKING

1. Date

October 11, 2018

2. Parties

- (a) Huachen
- (b) BMW

3. Voting Undertaking

Huachen irrevocably undertakes and warrants that it shall attend (either in person through its corporate representative(s) or by proxy duly appointed) and exercise or procure the attendance and exercise of the voting rights attached to the Relevant Shares, at the SGM to consider and vote on the Disposal, to approve the Disposal in accordance with the terms and subject to the conditions as set out in the circular to be despatched by the Company.

4. Other Undertakings

Huachen further irrevocably undertakes and warrants that it shall not do any of the following at any time prior to the conclusion of the SGM:

- (a) sell, transfer, charge, encumber, grant any option over (or cause the same to be done) or otherwise dispose of, whether directly or indirectly, any interest in the Relevant Shares;
- (b) acquire, directly or indirectly, any additional shares, securities or other interests of the Company (despite the foregoing, if Huachen voluntarily or involuntarily receives, is allotted, or otherwise acquires any additional interest in shares, securities or other interests of the Company, such shares, securities or interests shall be deemed to be the Relevant Shares for the purpose of the Irrevocable Undertaking);
- (c) exercise any of the voting rights attached to the Relevant Shares in a manner which is inconsistent with the Irrevocable Undertaking or which might otherwise restrict, impede or frustrate the implementation of the Disposal; or
- (d) take any action or enter into any agreement or arrangement, or permit any agreement or arrangement to be entered into or authorise or incur any obligation which, in relation to the Relevant Shares, would or might restrict, impede or frustrate Huachen's ability to attend the SGM or to exercise its vote in favour of the Disposal.

INFORMATION OF THE PARTIES

1. Information on the Group

The principal activities of the Group are the manufacture and sale of BMW vehicles in the PRC through its major joint venture BBA, the manufacture and sale of automobiles and automotive components through its subsidiary RBJAC, and the provision of auto financing service to customers and dealers through its subsidiary Brilliance-BEA Auto Finance Co., Ltd.

2. Information on BMW

With its four brands BMW, MINI, Rolls-Royce and BMW Motorrad, BMW Group is one of the world's leading premium manufacturers of automobiles and motorcycles and also provides premium financial and mobility services. The BMW production network comprises 30 production and assembly facilities in 14 countries and it has a global sales network in more than 140 countries.

3. Information on BBA

BBA is an automobile manufacturing company headquartered in Shenyang City, Liaoning Province, China. It has been a joint venture established between SJBA and BMW since 2003. The existing joint venture contract term of BBA will expire in 2028. Its principal activity is the production, distribution and sale and after-sale services of the BMW branded passenger vehicles in China.

Set out below is a summary of the audited financial information of BBA for the two financial years ended December 31, 2017 (which were audited by the auditors of BBA) and the unaudited financial information for the six months ended June 30, 2018, prepared in accordance with the PRC GAAP, respectively:

	For the year ended December 31,		For the six months ended June 30, 2018
	2016	2017	
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Total net asset	34,484.5	42,004.3	46,987.7
Net profit before tax	10,453.0	13,567.2	9,589.4
Net profit after tax	7,806.8	10,098.3	7,183.4

As of today, BBA is beneficially owned as to 50% by each of SJBA and BMW, respectively. Following the Completion, BBA will be beneficially owned as to 25% and 75% by SJBA and BMW, respectively.

REASONS FOR AND BENEFITS FROM THE DISPOSAL

BBA has been established between the Group and BMW Group since 2003. Under the prevailing PRC laws, foreign investors are restricted from owning more than 50% interest in auto manufacturing companies in China. Such a requirement has defined the existing ownership structure of BBA in which the Group and BMW each owns 50% equity interest. In April 2018, the PRC Government announced the relaxation of the foreign ownership restrictions in the auto sector and the Chinese market for passenger vehicles will be opened up by 2022. As a consequence, BMW will be allowed to set up its wholly- or majority-owned manufacturing and distribution operations in China when the foreign ownership restrictions are officially lifted.

Against these developments and background, BMW made a request to the Company to acquire 25% stake in BBA from SJBA such that the equity interest held by BMW in BBA will be increased to a super-majority level (i.e. 75%). Having considered, among others, the above changes in the regulatory policies and the resulting uncertainties to the future cooperation between the parties under the existing joint venture contract which is due to expire in 2028, the Company had to consider the proposal from BMW while at the same time, with the support of the PRC Government, endeavouring to agree with BMW on a long-term business plan for BBA, including a new joint venture term together with various new products and strategic investments, to secure the stability and sustainability of the Group's future business.

As an integral part of the overall transaction, BMW has agreed to introduce new BMW models for localization in the PRC, including the X5 model and future BEV models. In addition, the parties have agreed to further increase the production capacity at BBA and build a new plant in Tiexi District, Shenyang City in addition to the extension of the joint venture contract term to 2040. Moreover, both Liaoning Provincial Government and Shenyang Municipal Government have committed great support for the transaction, by granting approvals for construction of the new plant and capacity expansion of the existing plants in BBA, providing support in the construction of related infrastructure facilities, as well as granting additional government incentives for both the new Tiexi plant and the existing Dadong plant, in consideration of the contemplated investments in Shenyang City. Hence, in a view to continue to sustain and provide stability to the Group as well as to participate in the long-term development of the Chinese premium auto industry, the Company has agreed with BMW on the Disposal alongside the introduction of new BMW products and other strategic investments in BBA as well as the extension of the current joint venture term.

Although the Disposal will reduce the Group's percentage of earnings received from BBA, considering the growing Chinese premium auto market as well as the future business plan of BBA, including the introduction of new models from BMW and the establishment of new production facilities, the Company believes that BBA's business may enjoy steady growth in the coming years, which may help to alleviate the impact on the Group's earnings due to the Disposal. Besides, compared with the existing joint venture contract which is due to expire in 2028, it is expected that BBA will continue to contribute to the Group's earnings after the Disposal until at least 2040.

The remaining businesses and prospects of the Group

Apart from BBA, the Group owns 51% shareholding interest in RBJAC, being a joint venture established between the Company and Renault for a term of 50 years to manufacture and distribute various LCV products under the JinBei, Huasong and Renault brands. As of December 31, 2017, the total assets, revenue and net loss (before impairment loss on Huasong and gain of disposal of a subsidiary) of RBJAC were RMB8,362.4 million, RMB4,052.9 million and RMB826.2 million, respectively, in accordance with the Hong Kong GAAP. Leveraging on Renault's advanced technologies, products depth and management expertise in the LCV segment, the Company believes that RBJAC will be able to upraise the competitiveness of its existing business while developing new growth with both JinBei and Renault LCV products. The Company believes that the cooperation with Renault will bring substantial value addition to the Group and thus, the joint venture will be a viable and sustainable business.

The view of the Board

By virtue of the aforesaid, the Board has approved the Transaction Documents and the transactions contemplated thereunder, and the Directors (including the independent non-executive Directors) have confirmed that the terms of the Transaction Documents and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. None of the Directors has a material interest in any of the Transaction Documents or the transactions contemplated thereunder. Accordingly, none of the Directors is required to abstain from voting on the board resolutions approving the Transaction Documents and the transactions contemplated thereunder.

FINANCIAL EFFECTS OF THE DISPOSAL

After the Completion, the Company will cease to classify BBA as a joint venture and will classify BBA as an associate of the Company instead. The Company will record 25% of the net income of BBA in the consolidated statement of profit or loss, 25% other comprehensive income of BBA in consolidated statement of other comprehensive income, and the Company will record 25% of BBA's net assets in the consolidated statement of financial position as the Company's interest in BBA. Subject to the review of the Company's auditors and the adjustments to the Consideration, based on the expected carrying amount of the Group's interest in BBA as at the Completion and the Consideration after the adjustments, the Company currently expects to record a gain arising from the Disposal upon the Completion.

The Board will consider the uses of the net proceeds from the Disposal (after deducting relevant costs and expenses in connection with the Disposal) based on the situation of the Company at the Completion. Potential uses include, without limitation, a special dividend, funding business development opportunities and general working capital needs of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules are more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company and therefore, is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' information, knowledge and belief, after having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions approving the Transaction Documents and the transactions contemplated thereunder at the SGM.

GENERAL

A circular containing, among other things, further information in respect of the Transaction Documents and the transactions contemplated thereunder and other information as required by the Listing Rules, together with the notice convening the SGM and the proxy form in respect of the SGM is expected to be despatched to the Shareholders on or before November 2, 2018.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was halted with effect from 9:00 a.m. on October 11, 2018 pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on October 12, 2018.

Shareholders and potential investors of the Company should note that the Completion is subject to the satisfaction of the Conditions. Therefore, the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to the action they should take.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“applicable percentage ratios”	the five ratios as set out in the Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction under the Listing Rules
“associate(s)”	has the meaning ascribed hereto under the Listing Rules
“BBA”	BMW Brilliance Automotive Ltd.* (華晨寶馬汽車有限公司), a sino-foreign equity joint venture established in the PRC in 2003 whose effective equity interest are owned as to 50% by SJBA and as to 50% by BMW as at the date of this announcement
“BEV”	battery electric vehicles
“BMW”	BMW Holding B.V., a corporation organized and existing under the laws of the Netherlands, with its principal place of business at Einsteinlaan 5, 2289 CC Rijswijk ZH, the Netherlands
“BMW Group”	Bayerische Motoren Werke AG, a company listed on the Munich Stock Exchange, and its directly and indirectly held subsidiaries (including BMW)
“Board”	the board of directors of the Company

“Brilliance’s Pre-Completion Tax Liability”	an amount equal to 25% of any Pre-Completion Tax Liability (which (a) arises in respect of or in consequence of any income, profits or gains earned or accrued or received before the Completion Date; or (b) arises in respect of or in consequence of any event which occurred on or before the Completion Date; and, in each case, has not been provided or accounted for in the Locked Box Accounts)
“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 June 9, 1992, whose shares are listed on the main board of the Stock Exchange (stock code: 1114)
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Equity Transfer Agreement
“Completion Date”	the date on which the Completion takes place
“Consideration”	the total consideration to be paid by BMW to the Company for the transfer of the Target Equity Interest under the Equity Transfer Agreement
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 25% equity interest in BBA by SJBA to BMW in accordance with the terms and conditions of the Equity Transfer Agreement and other Transaction Documents
“Eighth Amendment to the JV Contract”	the eighth amendment dated October 11, 2018 which shall amend and restate the JV Contract
“Equity Transfer Agreement”	the Equity Transfer Agreement dated October 11, 2018 entered into by and between SJBA and BMW in relation to the transfer of the Target Equity Interest
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong GAAP”	the generally accepted accounting principles in Hong Kong
“Huachen”	Huachen Automotive Group Holdings Company Limited* (華晨汽車集團控股有限公司), the controlling shareholder of the Company, which was interested in approximately 42.32% of the issued share capital of the Company as at the date of this announcement

“Independent Valuer”	China Enterprise Appraisals Co., Ltd. (北京中企華資產評估有限責任公司), an approved independent appraisal firm
“Investment Agreements”	the two investment agreements both dated October 11, 2018 entered into by and between Shenyang Municipal Government and BBA
“Irrevocable Undertaking”	the deed of irrevocable undertaking dated October 11, 2018 entered into by Huachen in favour of BMW pursuant to which Huachen irrevocably undertakes to, among others things, attend the SGM and exercise the voting rights attached to all the Relevant Shares to approve the Disposal
“JV Contract”	the equity joint venture contract of BBA entered into by and between SJBA and BMW on March 27, 2003, and as amended and supplemented from time to time
“LCV”	light commercial vehicles
“Leakage”	(i) any dividend, bonus or other distribution of profits declared, paid or made in respect of the Target Equity Interest by BBA to SJBA, other than the dividend approved and declared by the board of directors of BBA at the board meeting held on July 13, 2018; (ii) any payment (including management, consulting service, fees or cost-recharge, bonus or other compensation) made or agreed to be made by, or assets transferred to or liabilities assumed, or guarantee incurred by BBA to, or for the benefit of SJBA or any of its affiliates, other than transactions on arm’s length third party terms; (iii) the waiver, deferral or release by BBA of any amount owed by SJBA or any of its affiliates to BBA; and (iv) any transaction by BBA with SJBA or any of its affiliates other than on arm’s length third party terms, and provided in each case, other than any Permitted Leakage Payment
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Locked Box Accounts”	the unaudited financial statements of BBA for the financial period ending on the Locked Box Date
“Locked Box Date”	June 30, 2018
“MOFCOM”	Ministry of Commerce of the PRC or its local delegate
“NEV”	new energy vehicles

“NDRC”	the National Development and Reform Commission of the PRC or its local delegate
“NDRC Approval Matters”	any and all matters required to be approved by NDRC (as the original approval authority of BBA) in connection with the transactions as contemplated under (i) the Equity Transfer Agreement, (ii) the Eighth Amendment to the JV Contract and the Restated JV Contract, and (iii) the Investment Agreements, in accordance with the Policy on Development of Automotive Industry (《汽車產業發展政策》) or other applicable PRC laws and regulations
“Permitted Leakage Payment”	(i) any payment specifically provided for under the Equity Transfer Agreement, and (ii) any payment specifically approved in writing by BMW
“Pre-Completion Tax Liability”	a liability of BBA and/or of any of its subsidiaries to make or suffer an actual payment of tax to the disadvantage of BMW, BBA, any affiliate of BMW and/or any subsidiary of BBA
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“PRC GAAP”	the generally accepted accounting principles in the PRC
“RBJAC”	Renault Brilliance Jinbei Automotive Company Limited* (華晨雷諾金杯汽車有限公司), a sino-foreign equity joint venture established in the PRC on July 19, 1991, its effective equity interest is owned as to 51% by the Company and as to 49% by Renault
“Relevant Shares”	the Shares held by Huachen, representing approximately 42.32% of the total voting rights of the Company as of the date of this announcement
“Renault”	Renault SAS, a company incorporated under the laws of France whose registered office is at 13/15 quai Alphonse le Gallo, 92100 Boulogne Billancourt, France
“Restated Articles”	the articles of association of BBA as amended and supplemented by the Sixth Amendment to the Articles of Association
“RMB”	Renminbi

“Restated JV Contract”	the amended and restated joint venture contract entered into by and between SJBA and BMW on October 11, 2018 in relation to BBA, as amended and supplemented by the Eighth Amendment to the JV Contract
“SAMR”	State Administration for Market Regulation of the PRC
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the PRC or its local delegate
“SGM”	the special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, among other things, the Transaction Documents and the transactions contemplated thereunder
“SJBA”	Shenyang JinBei Automotive Industry Holdings Co., Ltd.* (瀋陽金杯汽車工業控股有限公司), a limited liability company established in the PRC on July 5, 2002 and an indirect wholly-owned subsidiary of the Company
“Share(s)”	shares at par value of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Sixth Amendment to the Articles of Association”	the sixth amendment dated October 11, 2018 which shall amend and restate the articles of association of BBA
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Equity Interest”	25% equity interest in BBA held by SJBA to be transferred to BMW together with all rights and obligations attached to it in accordance with the Equity Transfer Agreement
“Transaction Documents”	collectively, the Transaction Framework Agreement, the Equity Transfer Agreement, the Restated JV Contract and the Restated Articles together with the ancillary documents thereto
“Transaction Framework Agreement”	the transaction framework agreement dated October 11, 2018 entered into by and among the Company, BMW and SJBA in relation to, among other things, the Disposal
“US\$”	United States dollars, the lawful currency of the United States

“Valuation Report”	the assets valuation report dated September 24, 2018 on the equity interest of BBA issued by the Independent Valuer
“€”	Euro, the official currency of the European Union
“%”	per cent

For and on behalf of the Board
Brilliance China Automotive Holdings Limited
Wu Xiao An
(also known as Ng Siu On)
Chairman

* Denotes English translation of the name of a Chinese company or entity or vice versa and is provided for identification purposes only.

Hong Kong, October 11, 2018

As at the date of this announcement, the board of directors of the Company comprises four executive directors, Mr. Wu Xiao An (also known as Mr. Ng Siu On) (Chairman), Mr. Qi Yumin (Chief Executive Officer), Mr. Qian Zuming (Chief Financial Officer) and Mr. Zhang Wei; and three independent non-executive directors, Mr. Xu Bingjin, Mr. Song Jian and Mr. Jiang Bo.