

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

**Brilliance Auto**

华 晨 汽 车

**BRILLIANCE CHINA AUTOMOTIVE HOLDINGS LIMITED**

**(華晨中國汽車控股有限公司)\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1114)**

**ANNOUNCEMENT – MAJOR TRANSACTION  
DISPOSAL OF 49% EQUITY INTEREST IN  
SHENYANG BRILLIANCE JINBEI AUTOMOBILE CO., LTD.**

**Financial Adviser to the Company**



**Rothschild (Hong Kong) Limited**

**THE FRAMEWORK COOPERATION AGREEMENT**

Reference is made to the announcement of the Company dated June 23, 2017. The Board is pleased to announce that following the Company's negotiations with potential new business partners, on July 4, 2017, the Company and Renault entered into the Framework Cooperation Agreement, pursuant to which Renault has agreed to acquire, and the Group has agreed to dispose of, 49% equity interest in the Target Company for a cash consideration of RMB1.0, subject to the terms and conditions of the Framework Cooperation Agreement, which are described in more details below.

**LISTING RULES IMPLICATIONS**

To the best of the Directors' information, knowledge and belief, Renault is an independent third party. As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules is more than 25% but less than 75%, the Framework Cooperation Agreement and the transactions contemplated thereunder constitute a major transaction of the Company and therefore, are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

\* For identification purposes only

A circular containing, among other things, further information in respect of the Framework Cooperation Agreement 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 July 25, 2017.

**Shareholders and potential investors of the Company should note that the Completion is subject to the satisfaction (or, if applicable, waiver) of the conditions precedent set out in the Framework Cooperation Agreement. 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.**

## **INTRODUCTION**

Reference is made to the announcement of the Company dated June 23, 2017. The Board is pleased to announce that following the Company's negotiations with potential new business partners, on July 4, 2017, the Company and Renault entered into the Framework Cooperation Agreement, pursuant to which Renault has agreed to acquire, and the Company has agreed to dispose of, 49% equity interest in the Target Company for a cash consideration of RMB1.0, subject to the terms and conditions of the Framework Cooperation Agreement, which are described in more details below.

## **THE FRAMEWORK COOPERATION AGREEMENT**

### **1. Date**

July 4, 2017

### **2. Parties**

(a) The Company (as vendor)

(b) Renault (as purchaser)

To the best of the Directors' information, knowledge and belief, having made all reasonable enquiry, Renault and its ultimate beneficial owners are independent of the Company and its connected persons.

### **3. Interests to be disposed of**

The 49% equity interest in the Target Company held by the Group

#### **4. Consideration**

The aggregate consideration for the transfer of the 49% equity interest in the Target Company from the Group to Renault is RMB1.0.

The consideration was determined after arm's length negotiations between the parties pursuant to the Framework Cooperation Agreement, after taking into account the net liabilities attributable to parent of the Target Company of approximately RMB3.61 billion as at December 31, 2016, the consideration for the Acquisition as well as losses incurred from the operations of the Target Company in the past years.

#### **5. Payment Terms**

The consideration for the Disposal will be settled by cash on the date of the Completion.

#### **6. Conditions Precedent**

The Company and Renault shall have no obligation to complete the transactions under the Framework Cooperation Agreement until all of the following conditions precedent set out in the Framework Cooperation Agreement shall have been satisfied or otherwise waived (as the case may be):

- all the Approvals having been obtained;
- the right of the Target Company to use the “JinBei” and the “Renault” trademarks having been secured for the term of the Target Company;
- the Target Company having been a wholly-owned subsidiary of the Company;
- the registered capital of the Target Company having been increased by capital injection and debt conversion by the Company, business plans of the Target Company having been formulated and agreements having been entered into between the Target Company and Huachen or Renault as mutually agreed by the Company and Renault;
- completion of an environmental due diligence jointly conducted by the Company and Renault to identify all existing and material environmental conditions due to, or caused by, the Target Company's manufacturing facilities which are in violation of currently applicable PRC laws and regulations. The cost to conduct such environmental due diligence shall be shared equally by the Company and Renault; and

- completion of a technical due diligence jointly conducted by the Company and Renault to identify all existing and material conditions: (i) relating to the structural integrity of buildings and conformity of the equipment and technical installations to anticipated operational needs; or (ii) which may pose a risk to worker health and safety (including the areas as specified in the Framework Cooperation Agreement which will be subject to further review by the Company and Renault) of, in or around the Target Company's manufacturing facilities. The cost to conduct such technical due diligence shall be shared equally by the Company and Renault.

## **7. Completion**

The Completion will take place upon the registration of Renault as a 49% shareholder of the Target Company pursuant to the terms of the Framework Cooperation Agreement.

If any of the above conditions precedent is not fulfilled (or, if applicable, otherwise waived) by the Long-Stop Date, either the Company or Renault may forthwith by written notice terminate the Framework Cooperation Agreement.

## **8. Further Capital Increase**

Following the Completion, the Company and Renault will complete an increase of the registered capital of the Target Company in an aggregate amount of RMB1,500,000,000, of which:

- RMB1,000,000,000 will be paid in, upon completion of the procedures for such capital increase and issuance of a new business license of the Target Company reflecting such capital increase, by the Company and Renault in proportion to their respective shareholding interests in the Target Company; and
- RMB500,000,000 will be paid in, within 12 months after the Completion, by the Company and Renault in proportion to their respective shareholding interests in the Target Company.

## **9. The board of directors and performance of the Target Company**

After the Completion, the board of directors of the Target Company shall be the highest authority of the Target Company and shall consist of nine directors, with five appointed by the Company and four appointed by Renault. The board of directors of the Target Company shall have a chairman and a vice chairman selected from among the directors and appointed by the board of directors of the Target Company. The directors of the Target Company shall approve the chairman recommended by the Company and the vice chairman recommended by Renault. All meetings of the board of directors of the Target Company shall require a quorum of at least four directors attending in person or by proxy; provided that the quorum must include at least two directors appointed by each of the Company and Renault, respectively.

It is agreed that the Target Company and its board of directors and management shall operate the Target Company in order to achieve and maintain efficient performance and maximize the Target Company's return to its shareholders. As such, the Target Company shall, among other things:

- develop sourcing plans and contracts with suppliers following the principle of competitive sourcing with reference to the Renault purchasing process and utilizing the support of the global Renault purchasing organization;
- enhance its dealership network for JinBei and Renault products (including vehicles and parts) and after-sales parts and services solely for its own benefit and directly invoice its dealers for the same;
- work on a turnaround of the existing minibus operation, introduce local production of new Renault LCV products, and develop new JinBei products utilizing Renault's technology; and
- develop new NEV products on existing or new products.

#### **10. Restriction on transfer**

After the Completion, no shareholder of the Target Company may assign or otherwise dispose of its equity interest in the Target Company without the prior written approval of another shareholder.

### **INFORMATION OF THE PARTIES**

#### **1. Information on the Group**

The Group is engaged in the manufacture and sale of minibuses and automotive components through its major operating subsidiaries. The manufacture and sale of minibuses by the Group are carried out by the Target Company, a 60.9% owned subsidiary of the Company as at the date of this announcement. The other subsidiaries of the Company are mainly engaged in the manufacture and sale of automotive components in the PRC, and some of such automotive components are sold to the Target Company for use in its assembly process as an automobile manufacturer. In addition to its minibus and automotive components businesses, the Group also owns a 50% 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.

## 2. Information on Renault

Renault group has been making cars since 1898. Today it is an international multi-brand group, selling close to 3.2 million vehicles in 127 countries in 2016, with 36 manufacturing sites, 12,700 points of sales and employing more than 120,000 people. To meet the major technological challenges of the future, including the development and sale of electric vehicles, and to continue its strategy of profitable growth, Renault group is harnessing international expansion and the complementary synergies of its five brands, Renault, Dacia, Renault Samsung Motors, Alpine and LADA.

Renault group also has strong experience and a proven track record of establishing partnerships with other automotive makers in the LCV segment, including Nissan, Daimler Europe, General Motors Europe and Fiat Europe.

## 3. Information on the Target Company

The Target Company is mainly engaged in the manufacture and sale of minibuses and automotive components in the PRC.

Following Completion, the Target Company will manufacture and distribute a variety of LCV products under the JinBei, Huasong and Renault brands.

Set out below is a summary of the audited consolidated financial information of the Target Company for the two financial years ended December 31, 2015 and December 31, 2016, respectively, which was prepared by the auditors of the Target Company in accordance with the PRC GAAP:

	<b>For the year ended December 31,</b>	
	<b>2015</b>	<b>2016</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(audited)</b>	<b>(audited)</b>
Net loss before taxation	(462,114.3)	<b>(668,500.7)</b>
Net loss after taxation attributable to parent	(493,241.9)	<b>(708,594.6)</b>
Total assets	7,830,382.5	<b>7,723,848.1</b>
Net liabilities attributable to parent	(2,894,255.0)	<b>(3,606,385.8)</b>

Currently, the Target Company is beneficially owned as to 60.9% by the Company and thus, a non-wholly owned subsidiary of the Company. Following the Completion, the Target Company will be beneficially owned as to 51% by the Group, and thus, a non-wholly owned subsidiary of the Company. The Target Company has been and will continue to be consolidated into the consolidated financial statements of the Company.

## **REASONS FOR AND BENEFITS FROM THE DISPOSAL**

As mentioned in the announcement of the Company dated June 23, 2017, the minibus business has been challenging despite the Company's efforts to produce facelift versions of the existing minibus and launch new MPV models. Notwithstanding so, the Board continues to see potential upside in the LCV market in China and the Company has been considering various options or strategic moves, including but not limited to, potential cooperation with new business partners to turnaround the minibus operation both from an operational angle and a strategic perspective.

Upon the Completion, Renault will become the Company's joint venture partner in the LCV segment in China. The Board believes that the Disposal together with the cooperation with Renault will mark a crucial strategic move and an important step for the Company to turn around its existing minibus operation as well as cultivate the full potential of the LCV market in China by utilising the expertise and knowhow of the two shareholders. Renault is one of the world's leading automobile manufacturers, and a leader in the European LCV market with a 15.9% market share in 2016. It has differentiated itself with advanced technologies, well recognized products and strong product pipeline. Renault also has strong experience and a proven track record of establishing partnerships with other automotive makers in LCV segment, such as Nissan, Daimler and General Motors Europe, etc. Leveraging on Renault's advanced technologies, products depth and management expertise in the LCV segment, it is expected that the Target Company will be able to upraise the competitiveness of its existing business while developing new growth with both JinBei and Renault products. In terms of NEV, Renault is also a leading player in the market, capable of bringing new NEV to the Target Company's product line-up. Combined with the Company's knowledge in the local market, production expertise, extensive network and sales force, the Board believes that the cooperation will bring substantial value addition to the Company.

In light of the foregoing, the Board has approved the Framework Cooperation Agreement and the transactions contemplated thereunder and all the Directors (including the INEDs) have confirmed that the terms of the Framework Cooperation Agreement 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 any material interest in the Framework Cooperation Agreement and the transactions contemplated thereunder. Accordingly, none of the Directors is required to abstain from voting on the board resolutions approving the Framework Cooperation Agreement and the transactions contemplated thereunder.

## **FINANCIAL EFFECTS OF THE DISPOSAL**

The Target Company is currently accounted for as a subsidiary of the Company on a consolidated basis in the financial statements of the Group and will continue to be accounted for as a subsidiary of the Company on a consolidated basis in the financial statements of the Group following the Completion. As such, the financial information of the Target Company has been and will continue to be consolidated into the financial statements of the Group. As the Disposal does not result in any change of control of the Target Company, it will not result in any gain or loss in the Company's income statement.



## LISTING RULES IMPLICATIONS

To the best of the Directors' information, knowledge and belief, Renault is an independent third party. As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules is more than 25% but less than 75%, the Framework Cooperation Agreement and the transactions contemplated thereunder constitute a major transaction of the Company and therefore, are 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, neither any Shareholder nor any of their respective associates has any material interest in the Framework Cooperation Agreement and the transactions contemplated thereunder. As such, no Shareholder would be required to abstain from voting in favour of the resolutions approving the Framework Cooperation Agreement and the transactions contemplated thereunder at the SGM.

## GENERAL

A circular containing, among other things, further information in respect of the Framework Cooperation Agreement 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 July 25, 2017.

**Shareholders and potential investors of the Company should note that the Completion is subject to the satisfaction (or, if applicable, waiver) of the conditions precedent set out in the Framework Cooperation Agreement. 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:

“Acquisition”	the acquisition of 39.1% equity interest in the Target Company by JBIH from JBC in accordance with the terms and conditions of the Acquisition Agreement as disclosed in the announcement of the Company dated June 23, 2017
“Acquisition Agreement”	the equity interest transfer agreement dated June 23, 2017 entered into by and between JBIH and JBC in relation to the Acquisition as disclosed in the announcement of the Company dated June 23, 2017



“AIC”	Administration of Industry and Commerce of the PRC
“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
“Approvals”	all the necessary government and other approvals in the PRC and Hong Kong including: (i) project approval by Liaoning Provincial Development and Reform Commission of the PRC; (ii) State-owned assets related approval from State-owned Assets Supervision and Administration Commission of Liaoning Provincial Government with respect to the Disposal; (iii) compliance with the requirements under the applicable Listing Rules by the Company for and in connection with the Framework Cooperation Agreement and the transactions contemplated thereunder (including, but not limited to, obtaining the necessary shareholders’ approvals, if required); (iv) merger control clearance by MOFCOM; and (v) local MOFCOM and AIC approval and registration formalities
“associate(s)”	has the meaning ascribed hereto under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws adopted by the Company and as amended from time to time
“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 as evidenced by Renault having been registered as a 49% shareholder of the Target Company pursuant to the terms of the Framework Cooperation Agreement
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 49% equity interest in the Target Company by the Group to Renault in accordance with the terms and conditions of the Framework Cooperation Agreement

“Framework Cooperation Agreement”	the framework cooperation agreement dated July 4, 2017 entered into by and between the Company and Renault in relation to, among other things, the disposal of 49% equity interest in the Target Company from the Group to Renault
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 third party(ies)”	a person or company which is not considered a connected person or an associate of a connected person of the Company under the Listing Rules
“INEDs”	the independent non-executive Directors
“JBC”	Shenyang JinBei Automotive Co., Ltd.* (金杯汽車股份有限公司), a company incorporated in the PRC on May 14, 1984, whose shares are listed on the Shanghai Stock Exchange (stock code: 600609)
“JBIH”	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 indirectly wholly-owned subsidiary of the Company
“LCV”	light commercial vehicles
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Long-Stop Date”	the date falling 12 months from the date of the Framework Cooperation Agreement (or any other date mutually agreed by the Company and Renault)
“MOFCOM”	Ministry of Commerce of the PRC
“MPV”	multi-purpose vehicles
“NEV”	new energy vehicles

“PRC”	the People’s Republic of China (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
“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
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, among others, the Framework Cooperation Agreement and the transactions contemplated thereunder
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Shenyang Brilliance JinBei Automobile Co., Ltd.* (瀋陽華晨金杯汽車有限公司), a sino-foreign equity joint venture established in the PRC on July 19, 1991 and a subsidiary of the Company whose effective equity interest is owned as to 60.9% by the Company and as to 39.1% by JBC as at the date of the announcement
“US\$”	United States dollars, the lawful currency of the United States
“%”	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, July 4, 2017

*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. 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.*