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Brilliance Auto

華 晨 汽 車

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)

CONNECTED AND DISCLOSEABLE TRANSACTION: PROVISION OF FINANCIAL ASSISTANCE TO/BY CONNECTED PERSON

On 9 November 2009, the Cross Guarantee Agreement was entered into between Xing Yuan Dong, a wholly-owned subsidiary of the Company, and JinBei (and its subsidiaries).

Pursuant to the Cross Guarantee Agreement, Xing Yuan Dong and JinBei will cross guarantee each other's banking facilities in the maximum amount of RMB600 million incurred or to be incurred during their respective usual course of business for a period commencing from 1 January 2010 to 31 December 2010. No fee is or will be payable or charged and no securities is or will be taken or provided in relation to the provision of the cross guarantees. In the event of the cross guarantees are to be extended for more than one year, the Company has to comply with all the relevant requirements under Chapter 14 and Chapter 14A of the Listing Rules.

Since JinBei is interested in 39.1% of equity interests in Shenyang Automotive, which is in turn owned as to 51% by the Company, JinBei is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Financial Assistance constitutes a connected transaction for the Company under Rule 14A.13(2)(a)(i), Rule 14A.13(2)(b)(i) and Rule 14A.13(3) of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Rule 14A.63 of the Listing Rules. As the percentage ratios for the Financial Assistance are more than 5% but less than 25%, the Financial Assistance also constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Given that no connected person which is a party to the Financial Assistance is a Shareholder, no Shareholder is required to abstain from voting if the Company were to convene a special general meeting for approving the Financial Assistance. Also, the Company has obtained a written approval from Huachen, which as at the date of this announcement, holds 2,760,074,988 Shares (representing approximately 55.38% of the entire issued share capital of the Company), in respect of the entering into of the Cross Guarantee Agreement. Accordingly, the Company has applied to the Stock Exchange for a waiver from strict compliance with the requirement to hold a special general meeting for the independent Shareholders' approval for the Financial Assistance pursuant to Rule 14A.43 of the Listing Rules. Subject to the Stock Exchange's granting of the said waiver, the Financial Assistance would have been approved by way of written independent Shareholders' approval from Huachen in lieu of holding a special general meeting of the Company.

A circular containing further details of, amongst others, (i) the Financial Assistance under the Cross Guarantee Agreement; (ii) the recommendations of the Independent Board Committee in respect of the Financial Assistance; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders in respect of the Financial Assistance will be dispatched to the Shareholders in due course.

I. FINANCIAL ASSISTANCE

On 9 November 2009, the Cross Guarantee Agreement was entered into between Xing Yuan Dong, a wholly-owned subsidiary of the Company, and JinBei (and its subsidiaries).

Pursuant to the Cross Guarantee Agreement, Xing Yuan Dong and JinBei will cross guarantee each other's banking facilities in the maximum amount of RMB600 million incurred or to be incurred during their respective usual course of business for a period commencing from 1 January 2010 to 31 December 2010. No fee is or will be payable or charged and no securities is or will be taken or provided in relation to the provision of the cross guarantees. In the event of the cross guarantees are to be extended for more than one year, the Company has to comply with all the relevant requirements under Chapter 14 and Chapter 14A of the Listing Rules.

II. REASONS FOR THE FINANCIAL ASSISTANCE

It is a common practice for banks in the PRC to request for either guarantee or securities to secure banking facilities granted to borrowers.

JinBei's banking facilities will be utilized by JinBei as working capital to improve the quality of the automotive components currently produced by the JinBei Group and the expansion of its product range and production facilities. Since the JinBei Group is one of the suppliers of the Group, the Directors believe that the Group will be able to benefit from the improved quality of the automotive components manufactured by the JinBei Group and the improvement in production

facilities and increase in product range of the JinBei Group. Besides, as a result of the expected increase in production volume in 2010, there is a need for a high amount of banking facilities to support JinBei's business.

Xing Yuan Dong is one of the subsidiaries of Group engaging in the manufacturing of automotive components. Xing Yuan Dong's banking facilities secured by the guarantees provided by JinBei will be utilized by Xing Yuan Dong to improve its production facilities in order to support the future launch of any new models of automobiles.

At the 2008 SGM, the Shareholders have approved the provision of cross guarantees in respect of banking facilities in the amount of RMB500 million between Xing Yuan Dong and JinBei (and its subsidiaries) for the period from 1 January 2009 to 31 December 2009. As the agreement for provision of cross guarantees will expire by 31 December 2009 and for reasons set out above, the parties intend to extend the agreement for another financial year to until 31 December 2010 and to increase the amount of cross guarantee by RMB100 million in the agreement between Xing Yuan Dong and JinBei (and its subsidiaries).

In the premises, the Directors consider the provision of the Financial Assistance to and from the connected person of the Company to be in the interests of the Group and the Shareholders as a whole and that the terms of the Cross Guarantee Agreement to be fair and reasonable and in the interests of the Shareholders as a whole.

III. LISTING RULES IMPLICATIONS

Since JinBei is interested in 39.1% of equity interests in Shenyang Automotive, which is in turn owned as to 51% by the Company, JinBei is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Financial Assistance constitutes a connected transaction for the Company under Rule 14A.13(2)(a)(i), Rule 14A.13(2)(b)(i) and Rule 14A.13(3) of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Rule 14A.63 of the Listing Rules. As the percentage ratios for the Financial Assistance are more than 5% but less than 25%, the Financial Assistance also constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Given that no connected person which is a party to the Financial Assistance is a Shareholder, no Shareholder is required to abstain from voting if the Company were to convene a special general meeting for approving the Financial Assistance. Also, the Company has obtained a written approval from Huachen, which holds 2,760,074,988 Shares (representing approximately 55.38% of the entire issued share capital of the Company), in respect of the entering into of the Cross Guarantee Agreement. Accordingly, the Company has applied to the Stock Exchange for a waiver from strict compliance with the requirement to hold a special general meeting for the independent Shareholders' approval for the Financial Assistance pursuant to Rule 14A.43 of the Listing Rules. Subject to the Stock Exchange's granting of the said waiver, the Financial Assistance would have been approved by way of the written independent Shareholders' approval from Huachen in lieu of holding a special general meeting of the Company.

IV. GENERAL

The Group is engaged in the manufacture and sale of minibuses and automotive components and sedans. JinBei is a company listed on the Shanghai Stock Exchange and the JinBei Group is principally engaged in manufacture and sale of light trucks, minibuses, sedans and automotive components.

The Independent Board Committee has been established to advise the independent Shareholders as to the Financial Assistance.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the independent Shareholders in respect of the Financial Assistance.

A circular containing further details of, amongst others, (i) the Financial Assistance under the Cross Guarantee Agreement; (ii) the recommendations of the Independent Board Committee in respect of the Financial Assistance; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders in respect of the Financial Assistance will be dispatched to the Shareholders in due course.

V. DEFINITIONS

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

“2008 SGM”	the special general meeting of the Company held on 30 December 2008 to approve, <i>inter alia</i> , the financial assistance to/by connected persons for a period of one year commencing from 1 January 2009 to 31 December 2009;
“Board”	the board of Directors;
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
“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, whose securities are listed on the Stock Exchange;
“connected persons”	has the meaning ascribed thereto in the Listing Rules;
“Cross Guarantee Agreement”	the agreement dated 9 November 2009 entered into between Xing Yuan Dong and JinBei (and its subsidiaries) in relation to the Financial Assistance;

“Directors”	the directors of the Company;
“Financial Assistance”	the cross guarantee arrangement between Xing Yuan Dong and JinBei pursuant to the Cross Guarantee Agreement;
“Group”	the Company and its subsidiaries;
“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 interested in approximately 55.38% of the issued share capital of the Company;
“Independent Board Committee”	the independent committee of Board, comprising Mr. Xu Bingjin, Mr. Song Jian and Mr. Jiang Bo, all of whom are independent non-executive Directors, formed to advise the independent Shareholders as to the Financial Assistance;
“Independent Financial Adviser”	Partners Capital International Limited, the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the independent Shareholders as to the Financial Assistance;
“JinBei”	金杯汽車股份有限公司 (Shenyang JinBei Automotive Company Limited*), a company incorporated in the PRC on 14 May 1984 whose shares are listed on the Shanghai Stock Exchange and holder of the 39.1% equity interests in Shenyang Automotive;
“JinBei Group”	JinBei and its subsidiaries and, and for the purpose of this announcement, shall include its associated companies but exclude Shenyang Automotive;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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;
“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 Automotive”	瀋陽華晨金杯汽車有限公司 (Shenyang Brilliance JinBei Automobile Co., Ltd.*), a sino-foreign equity joint venture established in the PRC on 19 July 1991 and a subsidiary of the Company whose equity interests are owned as to 51% by the Company and as to 39.1% by JinBei. The principal activities of Shenyang Automotive are the manufacture, assembly and sale of minibuses and sedans as well as automotive components in the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed thereto under the Companies Ordinance;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“Xing Yuan Dong”	瀋陽興遠東汽車零部件有限公司 (Shenyang XingYuanDong Automobile Component Co., Ltd.*), a wholly foreign owned enterprise established in the PRC on 12 October 1998 and a wholly-owned subsidiary of the Company. The principal activities of Xing Yuan Dong are the manufacture and trading of automotive components in the PRC.

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. He Guohua and Mr. Wang Shiping; one non-executive Director, Mr. Lei Xiaoyang; and three independent non-executive Directors, Mr. Xu Bingjin, Mr. Song Jian and Mr. Jiang Bo.

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

Hong Kong, 9 November 2009

* For identification purposes only