

*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)**

## **DISCLOSEABLE TRANSACTION IN RELATION TO PROPOSED CAPITAL CONTRIBUTION TO RENAULT BRILLIANCE JINBEI AUTOMOTIVE COMPANY LIMITED**

### **THE PROPOSED CAPITAL CONTRIBUTION**

References are made to the 2021 Annual Report and the Announcements whereby it was announced that due to intense competition of light commercial vehicles and deteriorating market conditions, RBJAC is facing financial problems and has not been able to meet its current financial obligations. In order to resolve the immediate financial difficulties and to strengthen its future financial position with the aim to resume the production of RBJAC, the board of directors of RBJAC had resolved to apply for the Restructuring.

The Board wishes to announce that, as part of the Restructuring, (i) the entire amount of the existing registered capital of RBJAC held by SJA and Renault, respectively is proposed to be reduced to nil; (ii) thereafter all the SJA Debt and the Renault Debt in the amount of approximately RMB1.74 billion and RMB711 million, respectively, is proposed to be capitalised into shareholders' equity of RBJAC; and (iii) lastly a capital contribution in the amount of up to RMB1.36 billion in cash is proposed to be injected into RBJAC by SJA for the purpose of restructuring the RBJAC Indebtedness. The Proposed Capital Contribution will be funded by the internal resources of the Group.

The Board, after taking into consideration feedback from other advisors, believes that the Restructuring would enable the Group to maintain its automobile manufacturer platform which can help to tap into new energy vehicles for future cooperation with international and domestic automobile companies. Further feasibility study on the business of RBJAC will be undertaken, including but not limited to introducing new potential strategic partners to RBJAC. The Company also believes that the combined strength, resources and capabilities of the Group and RBJAC can create synergies and further strengthen the Group's position in the automobile market once the right structure is identified and implemented.

\* For identification purposes only

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Proposed Capital Contribution exceeds 5% but less than 25%, the Proposed Capital Contribution constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to reporting and announcement requirements, but is exempted from Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

References are made to the 2021 Annual Report and the Announcements whereby it was announced that due to intense competition of light commercial vehicles and deteriorating market conditions, RBJAC is facing financial problems and has not been able to meet its current financial obligations. In order to resolve the immediate financial difficulties and to strengthen its future financial position with the aim to resume the production of RBJAC, the board of directors of RBJAC had resolved to apply for the Restructuring. On 30th December, 2021, RBJAC lodged an application for the Restructuring with the Shenyang Intermediate People's Court and a meeting of the creditors of RBJAC was held on 20th May, 2022 whereby a plan for the restructuring was approved by the creditors of RBJAC. As the Company has lost control over RBJAC, RBJAC has been deconsolidated from the Company from 12th January, 2022. The formal plan for the Restructuring is still being formulated. As part of the Restructuring, a capital contribution in the amount of up to RMB1.36 billion in cash is proposed to be injected into RBJAC by SJAI for the purpose of restructuring the RBJAC Indebtedness.

Details of the Proposed Capital Contribution are set out below:

## **THE PROPOSED CAPITAL CONTRIBUTION**

As part of the Restructuring, (i) the entire amount of the existing registered capital of RBJAC held by SJAI and Renault, respectively is proposed to be reduced to nil; (ii) thereafter all the SJAI Debt and the Renault Debt in the amount of approximately RMB1.74 billion and RMB711 million, respectively, is proposed to be capitalised into shareholders' equity of RBJAC; and (iii) lastly a capital contribution in the amount of up to RMB1.36 billion in cash is proposed to be injected into RBJAC by SJAI for the purpose of restructuring the RBJAC Indebtedness within 12 months from the date the Restructuring Plan is approved by the Shenyang Intermediate People's Court.

It is anticipated that, if the Restructuring Plan is approved by the Shenyang Intermediate People's Court, amounts received by RBJAC from the Proposed Capital Contribution will be applied towards settlement of the RBJAC Indebtedness. Following completion of the Proposed Capital Contribution, RBJAC will be effectively owned as to approximately 81.36% by SJAI and 18.64% by Renault, subject to such adjustment depending on the actual amount of the Proposed Capital Contribution, whereby RBJAC will become a non-wholly owned subsidiary of the Company and the financial results of RBJAC will be consolidated into the consolidated financial statements of the Company.

The amount of the Proposed Capital Contribution was determined with reference to the liabilities of RBJAC and will be funded by the internal resources of the Group. On this basis, the majority of the Board (excluding Dr. Lam Kit Lan, Cynthia, an independent non-executive Director, who has expressed her disagreement with the Proposed Capital Contribution for the reason that the Company should consider to contain its loss) considers that the Proposed Capital Contribution is fair and reasonable.

### **Conditions Precedent to the Proposed Capital Contribution**

The Proposed Capital Contribution will form part of the Restructuring Plan and the provision of the Proposed Capital Contribution will be subject to the fulfilment of the following conditions precedent:

- (1) the Restructuring Plan having been approved by the Shenyang Intermediate People's Court;
- (2) prior confirmation in respect of (i) the continued existence qualification of RBJAC; and (ii) the Post Capital Contribution Interest, from the Liaoning Provincial Development and Reform Commission and The National Development and Reform Commission of China having been obtained and not having been revoked;
- (3) relevant government authorities having confirmed the exemption of payment of corporate income tax in relation to the assignment of the SJAI Debt by Xing Yuan Dong to SJAI;
- (4) the Restructuring (including the Proposed Capital Contribution) having been completed within 12 months from the date the Restructuring Plan is approved by the Shenyang Intermediate People's Court; and
- (5) other regulatory approvals/filings required in connection with Proposed Capital Contribution.

### **INFORMATION ON THE PARTIES**

SJAI is a company established in the PRC and an indirect wholly-owned subsidiary of the Company. The principal business of SJAI is investment holding.

RBJAC is a sino-foreign equity joint venture established in the PRC where the effective equity interest is owned as to 51% by SJAI and as to 49% by Renault. It was principally engaged in the manufacture and sale of automobiles and automotive components. RBJAC is currently undergoing the Restructuring. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Renault and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Based on the financial statements of RBJAC prepared in accordance with PRC Generally Accepted Accounting Principles, the financial information of RBJAC for the two years ended 31st December, 2021 and 2022 was approximately as follows:

	<b>For the year ended</b>	
	<b>31st December,</b>	
	<b>2021</b>	<b>2022</b>
	<b>(audited)</b>	<b>(audited)</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Profits before taxation	-965,423	-1,439,779
Profits after taxation	-965,423	-1,439,779

The audited total assets and audited net asset value of RBJAC as at 31st December, 2022 were approximately RMB2,073 million and RMB-2,382 million, respectively.

### **REASONS FOR AND BENEFITS OF THE PROPOSED CAPITAL CONTRIBUTION**

RBJAC is a sino-foreign equity joint venture with the effective equity interest owned as to 51% by SJA I and as to 49% by Renault. As disclosed in the Announcements, RBJAC is currently under Restructuring and given the Company has lost control over RBJAC, RBJAC has been deconsolidated from the Company from 12th January, 2022. The formal plan for the Restructuring is still being formulated.

If the Restructuring Plan is approved by the Shenyang Intermediate People's Court, following completion of the Restructuring, RBJAC will be effectively owned as to approximately 81.36% by SJA I and 18.64% by Renault, subject to such adjustment depending on the actual amount of the Proposed Capital Contribution.

The Board, after taking into consideration feedback from other advisors, believes that the Restructuring would enable the Group to maintain its automobile manufacturer platform which can help to tap into new energy vehicles for future cooperation with international and domestic automobile companies. Further feasibility study on the business of RBJAC will be undertaken, including but not limited to introducing new potential strategic partners to RBJAC. The Company also believes that the combined strength, resources and capabilities of the Group and RBJAC can create synergies and further strengthen the Group's position in the automobile market once the right structure is identified and implemented.

In view of the above, the majority of the Board (excluding Dr. Lam Kit Lan, Cynthia, an independent non-executive Director, who has expressed her disagreement with the Proposed Capital Contribution for the reason that the Company should consider to contain its loss) considers that the Proposed Capital Contribution is fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

## LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Proposed Capital Contribution exceeds 5% but less than 25%, the Proposed Capital Contribution constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to reporting and announcement requirements, but is exempted from Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company will make further announcement(s) in accordance with the requirements of the Listing Rules in the event agreements are required to be entered into by the Group as part of the implementation process of the Restructuring.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“2021 Annual Report”	annual report of the Company for the year ended 31st December, 2021 dated 26th August, 2022
“Announcements”	announcements of the Company dated 30th December, 2021, 12th January, 2022 and 24th May, 2022 in relation to, among other things, the Restructuring
“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
“Director(s)”	the director(s) of the Company
“Group”	the Company together with its subsidiaries
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Post Capital Contribution Interest”	the effective equity interest in RBJAC to be owned as to approximately 81.36% by SJA I and 18.64% by Renault following completion of the Proposed Capital Contribution, subject to such adjustment depending on the actual amount of the Proposed Capital Contribution
“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

“Proposed Capital Contribution”	the proposed (i) reduction of the entire amount of the existing registered capital of RBJAC held by SJAI and Renault, respectively to nil; (ii) capitalisation of all the SJAI Debt and the Renault Debt in the amount of approximately RMB1.74 billion and RMB711 million, respectively, into shareholders’ equity of RBJAC; and (iii) capital contribution in the amount of up to RMB1.36 billion in cash to be injected into RBJAC by SJAI for the purpose of restructuring the RBJAC Indebtedness
“RBJAC”	Renault Brilliance Jinbei Automotive Company Limited, a sino-foreign equity joint venture established in the PRC which is effectively owned as to 51% by SJAI and 49% by Renault and has been deconsolidated from the Company from 12th January, 2022
“RBJAC Indebtedness”	indebtedness of RBJAC other than the SJAI Debt and the Renault Debt, which will be capitalised into shares of RBJAC as part of the Proposed Capital Contribution
“Renault”	Renault SAS, a company incorporated under the laws of France
“Renault Debt”	all existing debt owed by RBJAC to Renault
“Restructuring”	the restructuring of RBJAC accepted by the Shenyang Intermediate People’s Court
“Restructuring Plan”	the formal plan for the Restructuring, which includes, among others, the Proposed Capital Contribution
“RMB”	Reminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SJAI”	瀋陽金杯汽車工業控股有限公司 (Shenyang JinBei Automotive Industry Holdings Co., Ltd.*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“SJAI Debt”	all existing debt owed by RBJAC to Xing Yuan Dong and the Company to be assigned to SJAI at nil consideration

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 12th October, 1998 and a wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 11th April, 2023

*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. Shen Tie Dong (Chief Executive Officer), Mr. Zhang Wei and Mr. Xu Daqing; and four independent non-executive Directors, Mr. Song Jian, Mr. Jiang Bo, Mr. Dong Yang and Dr. Lam Kit Lan, Cynthia.*