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# **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 FORMAL PROPOSED CAPITAL CONTRIBUTION TO RENAULT BRILLIANCE JINBEI AUTOMOTIVE COMPANY LIMITED**

#### **THE FORMAL PROPOSED CAPITAL CONTRIBUTION**

Reference is made to the announcement of the Company dated 11th April, 2023 in relation to the Proposed Capital Contribution.

The Board wishes to announce that on 17th May, 2023, RBJAC, SJA I and the Administrator have entered into the Restructuring Investment Agreement in relation to the Formal Proposed Capital Contribution, pursuant to which as part of the Restructuring and subject to the Formal Restructuring Plan, (i) the entire amount of the existing paid-up capital of RBJAC held by SJA I and Renault, respectively is proposed to be reduced to nil; (ii) all the XYD Debt and the Renault Debt are proposed to be capitalised into shareholders' equity of RBJAC after the existing paid-up capital is reduced to nil; and (iii) a Cash Contribution is proposed to be injected into RBJAC by SJA I for the purpose of restructuring the Final RBJAC Indebtedness within 12 months from the Approval Date.

#### **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of the Formal Proposed Capital Contribution exceeds 5% but less than 25%, the transactions contemplated under the Restructuring Investment Agreement 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**

Reference is made to the announcement of the Company dated 11th April, 2023 in relation to the Proposed Capital Contribution (the "**Announcement**"). Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

\* *For identification purposes only*

The Board wishes to announce that on 17th May, 2023, RBJAC, SJAI and the administrator of RBJAC which was appointed by the Shenyang Intermediate People's Court (the "**Administrator**") entered into a restructuring investment agreement in relation to the Formal Proposed Capital Contribution (the "**Restructuring Investment Agreement**").

## **RESTRUCTURING INVESTMENT AGREEMENT**

Set out below is a summary of the material terms of the Restructuring Investment Agreement.

### **Date**

17th May, 2023 (after trading hours)

### **Parties**

- (1) RBJAC;
- (2) SJAI; and
- (3) the Administrator.

### **The Formal Proposed Capital Contribution**

Pursuant to the Restructuring Investment Agreement, as part of the Restructuring and subject to the formal plan for the Restructuring as approved by the Shenyang Intermediate People's Court (the "**Formal Restructuring Plan**"), (i) the entire amount of the existing paid-up capital of RBJAC held by SJAI and Renault, respectively is proposed to be reduced to nil; (ii) all the existing debt owed by RBJAC to Xing Yuan Dong (the "**XYD Debt**") and the Renault Debt in the amount of approximately RMB1.668 billion and RMB711 million, respectively, are proposed to be capitalised into shareholders' equity of RBJAC after the existing paid-up capital is reduced to nil; and (iii) a capital contribution in the amount of up to RMB1.36 billion in cash (the "**Cash Contribution**") is proposed to be injected into RBJAC by SJAI for the purpose of restructuring the indebtedness of RBJAC other than the XYD Debt and the Renault Debt (the "**Final RBJAC Indebtedness**") within 12 months from the date the Formal Restructuring Plan is approved by the Shenyang Intermediate People's Court (the "**Approval Date**") (the "**Formal Proposed Capital Contribution**").

It is anticipated that, if the Formal Restructuring Plan is approved by the Shenyang Intermediate People's Court, SJAI shall provide (i) an initial portion of the Cash Contribution to RBJAC within 120 days following the Approval Date for settlement of employees and social security claims and tax claims of RBJAC (the "**Initial Cash Contribution**"), and (ii) subject to completion of the equity change registration with the administrative department for industry and commerce to recognise SJAI, Xing Yuan Dong and Renault as the registered holder of the equity interest in RBJAC based on the Initial Cash Contribution, the remaining amount of the Cash Contribution to RBJAC for settlement of unsettled amount of the Final RBJAC Indebtedness within 60 days upon receipt of detailed written request from the Administrator. Any unutilised amount of the Cash Contribution will be returned to SJAI within 60 days of (i) completion of settlement of the Final RBJAC Indebtedness or (ii) the date falling three years of completion of the Formal Restructuring Plan (whichever is earlier). Following completion of the Formal Proposed Capital Contribution, taking into account the capitalisation of the XYD Debt and the Renault Debt and the Cash Contribution by SJAI, RBJAC will be effectively owned as to approximately 36.37% by SJAI, 44.61% by Xing Yuan Dong and 19.02% by Renault, subject to such adjustments depending on the Formal Restructuring Plan and the actual amount of the Cash Contribution (the "**Adjustments**"). RBJAC will then 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 Formal Proposed Capital Contribution was determined with reference to the liabilities of RBJAC, which as of the date of this announcement, according to the Administrator, amount to approximately RMB3.349 billion (excluding the XYD Debt and the Renault Debt which is proposed to be capitalised into equity of RBJAC), and the Cash Contribution 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 Formal Proposed Capital Contribution for the reason that the Company should consider to contain its loss) considers that the Formal Proposed Capital Contribution is fair and reasonable.

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

The Formal Proposed Capital Contribution will form part of the Formal Restructuring Plan and the provision of the Formal Proposed Capital Contribution will be subject to the Formal Restructuring Plan having been approved by the Shenyang Intermediate People's Court.

### **The Administrator's Undertakings**

The Administrator undertakes to SJAI, among other things, that:

- (1) on the date of provision of the Cash Contribution by SJAI, to assist SJAI, Xing Yuan Dong and Renault in making the relevant filings and handling the equity change registration at the administrative department for industry and commerce to the effect that SJAI, Xing Yuan Dong and Renault will become the registered holder of the equity interest in RBJAC based on the actual amount of Cash Contribution provided (the "**Post Restructuring Interest**");
- (2) the Post Restructuring Interest will be recognised by the Liaoning Provincial Development and Reform Commission and The National Development and Reform Commission of China and undertakes to assist RBJAC and SJAI with liaising with relevant regulatory departments to ensure that the Post Restructuring Interest will be recognised and to assist in handling other required regulatory approvals (if required) or filings;
- (3) the Road Motor Vehicle Production Enterprises and Products Access Qualification (道路機動車輛生產企業及產品准入資格) (the "**Qualification**") of RBJAC will remain valid during the Restructuring and continues to remain valid following completion of the Restructuring and undertakes to assist RBJAC and SJAI with liaising with the Liaoning Provincial Development and Reform Commission and the Ministry of Industry and Information Technology of the People's Republic of China to ensure that the Qualification will continue to be valid and will not be revoked or be listed in a special announcement of road motor vehicle manufacturing enterprise;

- (4) the Restructuring (including the Formal Proposed Capital Contribution) having been completed within 12 months from the Approval Date; and
- (5) any unutilised amount of the Cash Contribution shall be returned to SJAI in accordance with the terms of the Restructuring Investment Agreement.

### **INFORMATION ON THE PARTIES AND FINANCIAL INFORMATION OF RBJAC FOR THE TWO YEARS ENDED 31ST DECEMBER, 2021 AND 2022**

For (i) details on the information of the parties; and (ii) the financial information of RBJAC for the two years ended 31st December, 2021 and 2022, please refer to page 3 and 4 of the Announcement.

### **REASONS FOR AND BENEFIT OF THE FORMAL PROPOSED CAPITAL CONTRIBUTION**

As disclosed in the Announcement, RBJAC is currently under Restructuring and the formal plan for the Restructuring is still being formulated.

If the Formal Restructuring Plan is approved by the Shenyang Intermediate People's Court, following completion of the Restructuring, RBJAC will be effectively owned as to approximately 36.37% by SJAI, 44.61% by Xing Yuan Dong and 19.02% by Renault, subject to the Adjustments.

The Board (with the exclusion of Dr. Lam Kit Lan, Cynthia) had, in forming their concluding view, taken into account of Dr. Lam Kit Lan, Cynthia's view as stated above. The Board (with the exclusion of Dr. Lam) had, however, from an operational and business perspective of the Group as a whole, also taken into consideration that given a considerable amount of resources and efforts have been invested into RBJAC over the years, despite the unfavourable financial performance of RBJAC in the past, partly due to the deteriorating market conditions as a result of the COVID-19 pandemic, the Company believes that the Group will be able to leverage on the capability and resources of RBJAC and its existence qualification to maintain it as the Group's automobile manufacturing platform to seek future cooperation with international and domestic automobile companies and to further strengthen the Group's position in the automobile market. Following approval of the Formal Restructuring Plan by the Shenyang Intermediate People's Court, feasibility study on the business of RBJAC will be undertaken to provide furtherance studies on the business prospects of RBJAC, which will facilitate the formulation of operational plan for cooperation with strategic partners. Leveraging on its years of experience in the automobile industry, the Company has since commenced ground work to explore into the new energy vehicles business and will seek future cooperation with strategic partners in this prospect where appropriate.

Furthermore, upon completion of the Restructuring, RBJAC will be cleared of all indebtedness, which in turn will provide the Company with a platform with a much better financial position to operate its business.

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 Formal Proposed Capital Contribution for the reason that the Company should consider to contain its loss) considers that the Formal 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 Formal Proposed Capital Contribution exceeds 5% but less than 25%, the transactions contemplated under the Restructuring Investment Agreement 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) on the progress of the Formal Proposed Capital Contribution in accordance with the requirements of the Listing Rules as and when appropriate.

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

Hong Kong, 17th May, 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.*