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**北京汽车**  
**BAIC MOTOR**

**北京汽车股份有限公司**

**BAIC MOTOR CORPORATION LIMITED\***

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 1958)**

**CONNECTED TRANSACTION**  
**ENTRY OF THE ENTRUSTMENT AGREEMENT WITH BAIC GROUP**

**THE ENTRUSTMENT**

The Board announces that, on 15 March 2024, the Company and BAIC Group entered into the Entrustment Agreement, pursuant to which BAIC Group will entrust the Company to exercise the voting rights, right of proposal and submitting proposals, right to call and attend meetings, right of raising enquiries and suggestions and other rights but excluding disposal rights and rights to income/loss attached to all A shares of BAIC BluePark directly held by BAIC Group (including A shares of BAIC BluePark directly held by BAIC Group as of the date of the Entrustment Agreement and any additional A shares of BAIC BluePark that BAIC Group may acquire and directly hold during the duration of the Entrustment) on an irrevocable, exclusive, and sole basis for the duration of the Entrustment, without the need to seek the opinion of BAIC Group in advance or to obtain its consent. No consideration is payable by either party under the Entrustment Agreement.

As at the date of this announcement, BAIC BluePark is owned as to approximately 10.99%, 4.81%, 22.90% and 3.24% by the Company, BAIC Guangzhou (a wholly-owned subsidiary of the Company), BAIC Group and Bohai Automotive (a subsidiary of BAIC Group), respectively. Upon the completion of the Entrustment, the Group will be able to in aggregate exercise the voting rights attached to approximately 38.70% of the total issued A shares of BAIC BluePark. As a result of the Entrustment, members of the BAIC BluePark Group will become subsidiaries of the Company and their financial results (except profits and losses attributable to the Entrusted Shares will not be accounted for in the profit attributable to equity holders of the Company under its consolidated financial statements as BAIC Group will retain the rights to income/loss attached to the Entrusted Shares) will be consolidated into the consolidated financial statements of the Company.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, BAIC Group is the sole controlling shareholder of the Company and holds approximately 46.37% of the total issued share capital of the Company, and hence is a connected person of the Company. Accordingly, the Entrustment constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios in relation to the Entrustment is more than 5%, the Entrustment is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Entrustment does not constitute a transaction for the purpose of Rule 14.04 and Rule 14A.24 of the Listing Rules. Upon completion of the Entrustment, BAIC BluePark will not become a connected subsidiary of the Company for the purpose of Chapter 14A of the Listing Rules.

## **THE 2024 SECOND EGM**

The Company will convene the 2024 Second EGM for the purpose of, among other things, obtaining Independent Shareholders' approval for the Entrustment Agreement and the transactions contemplated thereunder.

The Independent Board Committee, comprising all the independent non-executive Directors, will be established to advise the Independent Shareholders in relation to the Entrustment Agreement and the transactions contemplated thereunder. Gram Capital will be appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the aforesaid matters.

A circular containing, among other things, (i) further details of the Entrustment Agreement and the transactions contemplated thereunder; (ii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders; (iii) a letter from the Independent Board Committee to the Independent Shareholders on the same and its recommendation on voting; and (iv) the notice of the 2024 Second EGM, will be sent to the Shareholders on or before 30 April 2024 as more time is needed to prepare and finalise the information that is required to be disclosed in the circular under the Listing Rules.

## INTRODUCTION

The Board announces that, on 15 March 2024, the Company and BAIC Group entered into the Entrustment Agreement, pursuant to which BAIC Group will entrust the Company to exercise the voting rights, right of proposal and submitting proposals, right to call and attend meetings, right of raising enquiries and suggestions and other rights but excluding disposal rights and rights to income/loss attached to all A shares of BAIC BluePark directly held by BAIC Group (including A shares of BAIC BluePark directly held by BAIC Group as of the date of the Entrustment Agreement and any additional A shares of BAIC BluePark that BAIC Group may acquire and directly hold during the duration of the Entrustment) on an irrevocable, exclusive, and sole basis for the duration of the Entrustment, without the need to seek the opinion of BAIC Group in advance or to obtain its consent. No consideration is payable by either party under the Entrustment Agreement.

As at the date of this announcement, BAIC BluePark is owned as to approximately 10.99%, 4.81%, 22.90% and 3.24% by the Company, BAIC Guangzhou (a wholly-owned subsidiary of the Company), BAIC Group and Bohai Automotive (a subsidiary of BAIC Group), respectively.

Upon the completion of the Entrustment, the Group will be able to in aggregate exercise the voting rights attached to approximately 38.70% of the total issued A shares of BAIC BluePark. As a result of the Entrustment, members of the BAIC BluePark Group will become subsidiaries of the Company and their financial results (except profits and losses attributable to the Entrusted Shares will not be accounted for in the profit attributable to equity holders of the Company under its consolidated financial statements as BAIC Group will retain the rights to income/loss attached to the Entrusted Shares) will be consolidated into the consolidated financial statements of the Company.

## ENTRUSTMENT AGREEMENT

The principal terms of the Entrustment Agreement are as follows:

- Date:** 15 March 2024
- Parties:** (1) BAIC Group; and  
(2) the Company

**Subject matter:**

BAIC Group will entrust the Company to exercise the voting rights, right of proposal and submitting proposals, right to call and attend meetings, right of raising enquiries and suggestions and other rights but excluding disposal rights and rights to income/loss attached to all A shares of BAIC BluePark directly held by BAIC Group (including A shares of BAIC BluePark directly held by BAIC Group as of the date of the Entrustment Agreement and any additional A shares of BAIC BluePark that BAIC Group may acquire and directly hold during the duration of the Entrustment) on an irrevocable, exclusive, and sole basis for the duration of the Entrustment, without the need to seek the opinion of BAIC Group in advance or to obtain its consent.

**Consideration:**

No consideration is payable by either party under the Entrustment Agreement.

**Term of the Entrustment:**

The Entrustment Agreement shall take effect upon the satisfaction of the following events:

- (1) the Company having obtained clearance from the Hong Kong Stock Exchange with respect to the circular for the Entrustment to be sent to the Shareholders;
- (2) the Shareholders (which in this case are the Independent Shareholders) having approved the Entrustment by way of general meeting; and
- (3) the competent state-owned assets supervision and management authorities or organizations authorised by them having approved the Entrustment.

The term of the Entrustment Agreement is indefinite unless as terminated in accordance with the Entrustment Agreement. Without the prior written consent of the Company, BAIC Group may not revoke the Entrustment (except where a termination event under the Entrustment Agreement has occurred), nor may it entrust the Rights of the Entrusted Shares, whether separately or in whole, to any third party for exercise.

**Scope of the Entrustment:**

BAIC Group shall entrust the Company as the sole and exclusive agent to exercise the Rights of the Entrusted Shares in accordance with the relevant laws and regulations and the then-effective articles of association of BAIC BluePark, without the need to seek BAIC Group's opinion in advance or obtain BAIC Group's consent. The Company will independently decide at its discretion when exercising the following shareholder rights attached to the Entrusted Shares (i.e., the Rights):

- (1) legally requesting, convening, presiding over, attending and appointing a proxy to attend the general meetings of BAIC BluePark;
- (2) exercising shareholders' right of proposal and submitting to BAIC BluePark's shareholder proposals or proposals including but not limited to nomination, recommendation, election or dismissal of directors (candidates) and supervisors (candidates) etc.;
- (3) exercising the voting rights over all matters to be discussed and approved at the general meeting of shareholders in accordance with relevant laws, regulations and normative documents or the articles of association of BAIC BluePark, as well as signing all the relevant documents;
- (4) raising enquiries and suggestion in connection with the management and operation of BAIC BluePark; and
- (5) exercising other rights relating to shareholders of BAIC BluePark as stipulated by the laws and regulations and the articles of association of BAIC BluePark, other than disposal rights and rights to income/loss.

**Exercise of the Rights  
attached to the Entrusted  
Shares:**

If required by the laws and regulations and/or the competent authorities or deemed necessary by the Company to exercise the Rights, BAIC Group shall unconditionally give proxy or sign relevant legal documents and provide other assistance of similar nature within a time specified in the written notice of the Company.

**Termination of the  
Entrustment:**

The Entrustment Agreement shall be terminated upon the occurrence of any of the following events:

- (1) the Company and BAIC Group mutually agreeing to terminate the Entrustment Agreement;
- (2) BAIC Group giving a written notice of termination to the Company where a court of competent authority has ruled that the Company has committed a fundamental breach of the Entrustment Agreement; or
- (3) either the Company or BAIC Group giving a written notice of termination to the other party where (i) there is a force majeure event continuing for more than 30 days which entirely impairs the abilities of the Company or BAIC Group to perform their respective obligations under the Entrustment Agreement; or (ii) there being objective factors occurring which cause the inability to exercise the Entrustment Agreement.

**INFORMATION ON BAIC BLUEPARK**

As at the date of this announcement, BAIC BluePark, whose A shares are listed on the Main Board of the Shanghai Stock Exchange, is a subsidiary of BAIC Group, which is the controlling shareholder of the Company. The major businesses of BAIC BluePark include research and development, design and sales of automobiles, auto parts, mechanical equipment, electrical equipment and parts processing equipment; automobile decoration; technical development, service and consultation, and transfer of technology; advertising design, production, agency and publication; economic and trade consultation; property management; import and export of goods and technology, and agency service for import and export.

As at the date of this announcement, the Company, BAIC Guangzhou, BAIC Group and Bohai Automotive directly hold 612,528,276, 268,054,522, 1,276,341,932 and 180,470,507 A shares of BAIC BluePark, accounting for approximately 10.99%, 4.81%, 22.90% and 3.24% of the total issued A shares of BAIC BluePark, respectively. There are no other shareholders (individually or in aggregate) holding more A shares in BAIC BluePark than those entities listed above on an aggregate basis.

The following table sets forth the financial information of BAIC BluePark for the two years ended 31 December 2022 and the six months ended 30 June 2023 based on BAIC BluePark's published financial statements:

	Year ended 31 December		Six months
	2021	2022	ended 30 June
	(Audited)		(Unaudited)
	<i>(RMB million)</i>		
Profit/(loss) before taxation and extraordinary items	(5,179.87)	(5,424.58)	(1,978.10)
Profit/(loss) after taxation and extraordinary items	(5,476.58)	(5,775.70)	(2,498.62)

As at 30 June 2023, the unaudited book value of the total asset of BAIC BluePark was approximately RMB32,732.01 million, and the unaudited book value of owner's equity attributable to the parent company was approximately RMB9,706.33 million.

As a result of the Entrustment, BAIC BluePark will become a non-wholly owned subsidiary of the Company and the financial results of the BAIC BluePark Group (except profits and losses attributable to the Entrusted Shares will not be accounted for in the profit attributable to equity holders of the Company under its consolidated financial statements as BAIC Group will retain the rights to income/loss attached to the Entrusted Shares) will be consolidated into the consolidated financial statements of the Company. The Company, being the controlling shareholder of BAIC BluePark upon the completion of the Entrustment, will perform its rights and obligations pursuant to the laws and regulations in the PRC (including relevant securities laws, regulations and normative documents).

## INFORMATION ON THE COMPANY

The Company was established in September 2010, and its H shares were listed on the Main Board of the Hong Kong Stock Exchange in December 2014. As at the date of this announcement, approximately 46.37% of the equity interest in the Company is directly owned by BAIC Group, which is the controlling shareholder of the Company and ultimately owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. The Company's brands cover joint venture premium passenger vehicles, joint venture premium multi-purpose passenger vehicles, joint venture mid- to high-end passenger vehicles, proprietary brand passenger vehicles and other vehicles, which can maximally satisfy various customers' demands.

## **INFORMATION ON BAIC GROUP**

BAIC Group is the sole controlling shareholder of the Company, being a state-owned enterprise wholly owned by Beijing State-owned Capital Operation and Management Company Limited\* (北京國有資本運營管理有限公司), and holds approximately 46.37% of equity interest in the Company as at the date of this announcement. BAIC Group is one of the main automobile manufacturing groups in China. It has now developed into a comprehensive and modern automobile conglomerate with diversified business portfolio and integrating vehicle research and development and manufacturing, parts and components manufacturing, automobile service trade, education and investment and financing business, as well as incubation of new industries.

## **REASONS FOR AND BENEFITS OF THE ENTRUSTMENT**

Driven by the economic transformation and upgrading, consumer demand, carbon peak, carbon neutral targets and technology iteration, and other factors, the global production and sales of new energy vehicles have been growing rapidly in recent years, and plans for the expansion of the domestic new energy passenger vehicle sector has at this stage become the consensus and strategic direction for automobile enterprises. After years of development, BAIC BluePark has established competitive strength in core battery, electric motor and electric control technologies and smart network technology of pure electric vehicles and others, and has established and formed a system of research, production, sales and service of the whole value chain in pure electric passenger vehicles. Through the Entrustment, BAIC BluePark will be under the scope of the management of the Company, which will help the Company to plan its new energy vehicle sector, share the development returns and create competitive advantage at a more reasonable cost. Upon completion of the Entrustment, BAIC BluePark will become a subsidiary of the Company, and the product brands, vehicle lineup, and production and sales scale of the Group will be further expanded and strengthened. Additionally, the synergistic effects conducive to the Entrustment will also help to enhance the overall industry competitiveness and supply chain resource acquisition capabilities of both companies.

The Board (excluding the Directors who have abstained from voting as more particularly described below and the independent non-executive Directors whose opinions on the Entrustment Agreement and the transactions contemplated thereunder will be included in the letter from the Independent Board Committee contained in the circular to be sent to the Shareholders after taking into account the advice from the Independent Financial Adviser) is of the view that (i) the terms of the Entrustment Agreement are fair and reasonable; (ii) although the Entrustment is not in the ordinary and usual course of business of the Company, it is on normal commercial terms or better; and (iii) the Entrustment is in the interests of the Company and the Shareholders taken as a whole.

Since Mr. Chen Wei, Mr. Hu Hanjun and Mr. Chen Hongliang, each being a Director, also hold office in BAIC Group and/or its subsidiaries, they are therefore considered to be materially interested in the Entrustment. In addition, considering that Mercedes-Benz Group AG, being a Shareholder that indirectly holds A shares in BAIC BluePark, the Directors nominated by it, namely Mr. Hubertus Troska and Mr. Harald Emil Wilhelm, are also considered to be materially interested in the Entrustment. As a result, each of Mr. Chen Wei, Mr. Hu Hanjun, Mr. Chen Hongliang, Mr. Hubertus Troska and Mr. Harald Emil Wilhelm has abstained from voting on the Board resolution for approving the Entrustment Agreement and the transactions contemplated thereunder. Save for the above Directors, none of the other Directors has any interest in the Entrustment and abstained from voting at the relevant Board resolution.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, BAIC Group is the sole controlling shareholder of the Company and holds approximately 46.37% of the total issued share capital of the Company, and hence is a connected person of the Company. Accordingly, the Entrustment constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios in relation to the Entrustment is more than 5%, the Entrustment is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Entrustment does not constitute a transaction for the purpose of Rule 14.04 and Rule 14A.24 of the Listing Rules. Upon completion of the Entrustment, BAIC BluePark will not become a connected subsidiary of the Company for the purpose of Chapter 14A of the Listing Rules.

## **THE 2024 SECOND EGM**

The Company will convene the 2024 Second EGM for the purpose of, among other things, obtaining Independent Shareholders' approval for Entrustment Agreement and the transactions contemplated thereunder.

The Independent Board Committee, comprising all the independent non-executive Directors, will be established to advise the Independent Shareholders in relation to the Entrustment Agreement and the transactions contemplated thereunder. Gram Capital will be appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the aforesaid matters.

A circular containing, among other things, (i) further details of the Entrustment Agreement and the transactions contemplated thereunder; (ii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders; (iii) a letter from the Independent Board Committee to the Independent Shareholders on the same and its recommendation on voting; and (iv) the notice of the 2024 Second EGM, will be sent to the Shareholders on or before 30 April 2024 as more time is needed to prepare and finalise the information that is required to be disclosed in the circular under the Listing Rules.

## DEFINITIONS

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

“2024 Second EGM”	the 2024 second extraordinary general meeting of the Company to be convened and held for, among other things, consideration and (if thought fit) approval of the Entrustment Agreement and the transactions contemplated thereunder
“BAIC BluePark”	BAIC BluePark New Energy Technology Co., Ltd.* (北汽藍谷新能源科技股份有限公司), a company limited by shares incorporated under the laws of the PRC, whose A shares are listed on the Main Board of the Shanghai Stock Exchange
“BAIC BluePark Group”	BAIC BluePark and its subsidiaries
“BAIC Group”	Beijing Automotive Group Co., Ltd.* (北京汽車集團有限公司), a state-owned enterprise incorporated in the PRC, the sole controlling shareholder of the Company
“BAIC Guangzhou”	BAIC Guangzhou Automotive Co., Ltd.* (北汽(廣州)汽車有限公司), a limited liability company incorporated under the laws of the PRC as well as a wholly-owned subsidiary of the Company
“Board”	the board of Directors of the Company
“Bohai Automotive”	Bohai Automotive Systems Co., Ltd.* (渤海汽車系統股份有限公司), a company limited by shares incorporated under the laws of the PRC, whose A shares are listed on the Main Board of the Shanghai Stock Exchange and is a subsidiary of BAIC Group
“Company”	BAIC Motor Corporation Limited* (北京汽車股份有限公司), a company limited by shares duly incorporated under the laws of the PRC, whose H shares are listed on the Hong Kong Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules

“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Entrusted Shares”	ordinary A share(s) of RMB1.00 each in BAIC BluePark, which are listed on the Main Board of the Shanghai Stock Exchange and traded in RMB, that are directly held by BAIC Group from time to time
“Entrustment”	the entrustment by BAIC Group which entitles the Company to exercise all rights attached to the Entrusted Shares (but excluding disposal rights and rights to income/loss attached to the Entrusted Shares which will remain with BAIC Group) pursuant to the Entrustment Agreement
“Entrustment Agreement”	the conditional voting rights entrustment agreement dated 15 March 2024 entered into between the Company and BAIC Group in relation to the Entrustment
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), who will be appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Entrustment
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors which will be established to advise the Independent Shareholders in relation to the Entrustment
“Independent Shareholders”	Shareholders who are not required to abstain from voting on the resolution to be proposed at the 2024 Second EGM in relation to the Entrustment
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time

“PRC” or “China”	the People’s Republic of China
“Rights”	all rights attached to the Entrusted Shares, including voting rights, right of proposal and submitting proposals, right to call and attend meetings, right of raising enquiries and suggestions and other rights but excluding disposal rights and rights to income/loss attached to the Entrusted Shares
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	percent

*Certain amounts and percentage figures in this announcement have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables and charts may not be an arithmetic aggregation of the figures preceding them.*

By Order of the Board  
**BAIC Motor Corporation Limited**  
**Wang Jianhui**  
*Secretary to the Board and Company Secretary*

Beijing, the PRC, 15 March 2024

*As at the date of this announcement, the Board comprises Mr. Chen Wei, as Chairman of the Board and non-executive Director; Mr. Hu Hanjun and Mr. Chen Hongliang, as non-executive Directors; Mr. Song Wei, as executive Director; Mr. Ye Qian, Mr. Hubertus Troska, Mr. Harald Emil Wilhelm, Mr. Gu Tiemin and Mr. Sun Li, as non-executive Directors; and Mr. Ge Songlin, Ms. Yin Yuanping, Mr. Xu Xiangyang, Mr. Tang Jun and Mr. Edmund Sit, as independent non-executive Directors.*

\* *For identification purpose only*