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北京汽车
BAIC MOTOR

北京汽車股份有限公司

BAIC MOTOR CORPORATION LIMITED*

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

(Stock Code: 1958)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE SUBSCRIPTION**

**Independent Financial Adviser to the
Independent Board Committee and the Independent Shareholders**



Gram Capital Limited
嘉林資本有限公司

THE SUBSCRIPTION

The Company announces that, after market closes on 2 September 2024, the Company and BJEV, a non-wholly owned subsidiary of BAIC Group (being the sole controlling shareholder of the Company), entered into the Framework Agreement, pursuant to which the Company conditionally agreed to subscribe for the Subscription Shares to be issued by BJEV under the Share Issuance at a price per Subscription Share of approximately RMB2.3815, representing the appraised net asset value per share of BJEV based on the Valuation Report as filed with the competent organisation. The total subscription price shall be RMB2 billion.

Considering that BJEV contemplates to issue shares to investors other than the Company through the public tender on the CBEX and the Company will not participate in the public tender by BJEV, upon completion of the Share Issuance, the Subscription Shares will represent not less than 5.30% but not more than 7.22% of the enlarged total number of issued shares of BJEV. The Subscription and the public tender by BJEV are not inter-conditional.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BJEV is a non-wholly owned subsidiary of BAIC Group (the sole controlling shareholder of the Company) and is therefore an associate of BAIC Group and, hence, a connected person of the Company. Accordingly, the Subscription will constitute a connected transaction of the Company. As one or more of the applicable percentage ratios in relation to the Subscription is more than 5% but are all less than 25%, the Subscription will constitute a discloseable and connected transaction of the Company and will therefore be subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

THE 2024 THIRD EGM

The Company will convene the 2024 Third EGM for the purpose of, among other things, obtaining Independent Shareholders' approval for the Subscription.

The Independent Board Committee, comprising all the independent non-executive Directors, will be established to advise the Independent Shareholders in relation to the Framework Agreement and the Subscription. Gram Capital has been 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 Framework Agreement and the Subscription; (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 Third EGM, will be sent to the Shareholders on or before 30 September 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

As the completion of the Subscription is subject to the execution of a formal subscription agreement by the Company and BJEV and the fulfilment of the conditions precedent set out thereunder, the Subscription may or may not proceed. Shareholders and potential investors should exercise caution when dealing in shares of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and actions that they should take.

INTRODUCTION

The Company announces that, after market closes on 2 September 2024, the Company and BJEV, a non-wholly owned subsidiary of BAIC Group (being the sole controlling shareholder of the Company), entered into the Framework Agreement, pursuant to which the Company conditionally agreed to subscribe for the Subscription Shares to be issued by BJEV under the Share Issuance at a price per Subscription Share of approximately RMB2.3815 representing the appraised net asset value per share of BJEV based on the Valuation Report as filed with the competent organisation. The total subscription price shall be RMB2 billion.

Considering that BJEV contemplates to issue shares to investors other than the Company through the public tender on the CBEX and the Company will not participate in the public tender by BJEV, upon completion of the Share Issuance, the Subscription Shares will represent not less than 5.30% but not more than 7.22% of the enlarged total number of issued shares of BJEV. The Subscription and the public tender by BJEV are not inter-conditional.

FRAMEWORK AGREEMENT

The principal terms of the Framework Agreement are as follows:

Date: 2 September 2024 (after market closes)

Parties: (1) the Company; and
(2) BJEV

Conditions precedent: Unless otherwise agreed upon by both parties, the closing of the Subscription is conditional upon the satisfaction, or waiver by the party entitled to grant such (as permitted under applicable laws, rules and regulations), waiver of the following conditions:

- (1) all internal approval procedures and formalities for the authorisation of the Share Issuance having been fulfilled by BJEV and its shareholders;
- (2) all internal approval procedures and formalities for the authorisation of the Subscription, including but not limited to approval by the Independent Shareholders, having been fulfilled by the Company;

- (3) regulatory formalities in connection with the Share Issuance and the Subscription as required by the competent state-owned assets supervision and management authorities, or organisations authorised by them, having been completed by the parties; and
- (4) other conditions precedent to the closing of the Subscription as stipulated under the formal subscription agreement.

The Subscription and the public tender by BJEV are not inter-conditional.

Total subscription price: RMB2 billion

Price per Subscription Share and basis of consideration: The price per Subscription Share represents the appraised net asset value per share of BJEV based on the Valuation Report (i.e., approximately RMB2.3815 per Subscription Share).

Number of Subscription Shares: The total number of Subscription Shares shall equal the total subscription price payable by the Company divided by the price per Subscription Share, subject to rounding adjustments.

Payment arrangements: The total subscription price shall be paid in cash in full to an account designated by BJEV upon the closing of the Subscription.

Formal agreement: Parties shall enter into a formal subscription agreement in accordance with the then-applicable laws and regulations related to state-owned asset supervision and management. The terms of the formal subscription agreement shall not be inconsistent with the terms of the Framework Agreement.

INFORMATION ON BJEV

BJEV was established in October 2009 and its direct controlling shareholder is BAIC BluePark, which is listed on the Main Board of the Shanghai Stock Exchange. BJEV is mainly engaged in the production and sale services of passenger electric vehicles. As at the date of this announcement, BJEV is owned as to approximately 99.99% and 0.01% by BAIC BluePark, a non-wholly owned subsidiary of BAIC Group, and Jihu Automotive, a wholly-owned subsidiary of BAIC BluePark respectively. BJEV is a subsidiary of BAIC Group.

The following table sets forth the financial information of BJEV for the two years ended 31 December 2023 and the six months ended 30 June 2024 prepared in accordance with the China Accounting Standards for Business Enterprises:

	Year ended 31 December		Six months ended 30 June
	2022	2023	2024
	<i>(Audited)</i>		<i>(Audited)</i>
	<i>(RMB million)</i>		
Profit/(loss) before taxation and extraordinary items	(2,953.58)	(2,838.20)	(1,131.55)
Profit/(loss) after taxation and extraordinary items	(2,543.14)	(2,183.97)	(1,124.27)

As at 30 June 2024, the book value of the audited total assets of BJEV was approximately RMB29.105 billion, and the book value of owner's equity attributable to the parent company was RMB5.672 billion. According to the Valuation Report, the entire equity of BJEV was appraised at approximately RMB25.716 billion as at 31 December 2023 using the market approach. Further information on the Valuation Report will be disclosed in the circular for the 2024 Third EGM.

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.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

Currently, the domestic new energy industry is thriving, with growth momentum continuing to rise. The sales of new energy vehicles in China have maintained rapid growth. As at 30 June 2024, the domestic new energy market share reached 35.2%. In terms of the new energy sector, after a new round of reshuffling, the long-term competitive advantages of traditional car companies have become prominent.

After years of development, BJEV 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 services of the whole value chain in pure electric passenger vehicles.

BJEV has established deep cooperative relationships with well-known companies such as Magna and Huawei, creating models such as ARCFOX and Huawei Smart Selection and producing platform-based pure electric models in collaboration with the Company. Simultaneously, BJEV continues to deepen comprehensive cooperation with Huawei with the high-end intelligent factory established in Beijing commences production in 2024. This factory will be dedicated to creating the premium intelligent new energy vehicle brand Xiangjie, which will lead BJEV into a new phase of rapid development.

The Subscription will help the Company to further invest in the new energy passenger vehicle sector, share the development returns, and leverage the synergies of strategic resources in relation to new energy passenger vehicles.

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 Framework Agreement and the Subscription 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 Framework Agreement are fair and reasonable; (ii) although the Subscription is not in the ordinary and usual course of business of the Group, it is on normal commercial terms or better; and (iii) the Subscription is in the interests of the Company and the Shareholders taken as a whole.

Considering that each of BAIC Group and Mercedes-Benz Group AG, each being a Shareholder, indirectly holds shares of BJEV, the Directors designated by them, namely Mr. Chen Wei, Mr. Hu Hanjun, Mr. Chen Hongliang, Mr. Paul Gao and Mr. Kevin Walter Binder, are considered to be materially interested in the Subscription. As a result, each of Mr. Chen Wei, Mr. Hu Hanjun, Mr. Chen Hongliang, Mr. Paul Gao and Mr. Kevin Walter Binder has abstained from voting on the Board resolutions for approving the Subscription. Save for the above Directors, none of the other Directors has any interest in the Subscription.

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THE 2024 THIRD EGM

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A circular containing, among other things, (i) further details of the Framework Agreement and the Subscription; (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 Third EGM, will be sent to the Shareholders on or before 30 September 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.

As the completion of the Subscription is subject to the execution of a formal subscription agreement by the Company and BJEV and the fulfilment of the conditions precedent set out thereunder, the Subscription may or may not proceed. Shareholders and potential investors should exercise caution when dealing in shares of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and actions that they should take.

DEFINITIONS

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

“2024 Third EGM”	the 2024 third extraordinary general meeting of the Company to be convened and held for, among other things, consideration and (if thought fit) approval of the Subscription
“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 shares are listed on the Main Board of the Shanghai Stock Exchange, and a subsidiary of BAIC Group
“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
“BJEV”	Beijing Electric Vehicle Co., Ltd.* (北京新能源汽車股份有限公司), a company limited by shares incorporated under the laws of the PRC, and a non-wholly owned subsidiary of BAIC Group
“Board”	the board of Directors of the Company
“CBEX”	China Beijing Equity Exchange Co., Ltd.* (北京產權交易所有限公司), an institution authorised by the State-owned Assets Supervision and Administration Commission for transaction of assets and equity of state owned enterprises
“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

“Framework Agreement”	the conditional share subscription framework agreement dated 2 September 2024 entered into between the Company and BJEV in relation to the Subscription after market closes
“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 has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Framework Agreement and the Subscription contemplated thereunder
“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 Framework Agreement and the Subscription contemplated thereunder
“Independent Shareholders”	Shareholders who are not required to abstain from voting on the resolution to be proposed at the 2024 Third EGM in relation to the Framework Agreement and the Subscription contemplated thereunder
“Independent Valuer”	Beijing Pan-China Assets Appraisal Co., Ltd.* (北京天健興業資產評估有限責任公司), an independent professional valuer jointly engaged by BAIC BluePark and BJEV
“Jihu Automotive”	Beijing BluePark Jihu Automotive Technology Co., Ltd. * (北京藍谷極狐汽車科技有限公司), a company with limited liability incorporated in the PRC, and a subsidiary of BAIC Group
“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
“RMB”	Renminbi, the lawful currency of the PRC

“Share Issuance”	the proposed issuance by BJEV via (i) the Subscription to the Company; and (ii) a public tender on the CBEX to subscriber(s)
“Shareholder(s)”	the shareholder(s) of the Company
“Subscription”	the subscription by the Company of the Subscription Shares to be issued by BJEV under the Share Issuance
“Subscription Share(s)”	share(s) of BJEV to be subscribed by the Company under the Share Issuance
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Valuation Report”	the valuation report prepared by the Independent Valuer on the appraised net asset value per share of BJEV as at 31 December 2023 using the market approach
“%”	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, 2 September 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. Paul Gao, Mr. Kevin Walter Binder, Mr. Gu Tiemin and Mr. Sun Li, as non-executive Directors; and Ms. Yin Yuanping, Mr. Xu Xiangyang, Mr. Tang Jun, Mr. Edmund Sit and Mr. Ji Xuehong, as independent non-executive Directors.

* *For identification purposes only*