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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 SUBSCRIPTION OF NEW A SHARES OF BAIC BLUEPARK**

### **THE SUBSCRIPTION**

The Board announces that, on 15 July 2022, the Company and BAIC BluePark, an A-share listed subsidiary of BAIC Group, which is the controlling shareholder of the Company, entered into the Share Subscription Agreement, pursuant to which BAIC BluePark conditionally agrees to issue to the Company, and the Company conditionally agrees to subscribe for, not less than 35.99% of the total number of new A Shares actually issued under the A Share Issuance. The subscription price per new A Share shall be determined in accordance with the pricing principle in respect of the A Share Issuance and the total subscription amount payable by the Company shall not exceed RMB2,878.8829 million.

As at the date of this announcement, BAIC Guangzhou, a wholly-owned subsidiary of the Company, BAIC Group and Bohai Automotive, a subsidiary of BAIC Group, hold approximately 6.25%, 29.73% and 3.01% of the total existing issued A Shares, respectively. Pursuant to the Share Subscription Agreement, upon the completion of the Subscription, the Company and BAIC Guangzhou shall in aggregate hold not less than 6.25%, and not more than 24.36% of the enlarged total issued A Shares.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, BAIC BluePark is a 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 constitutes 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 constitutes a discloseable and connected transaction of the Company and is therefore subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

## **GENERAL**

The Company will convene the EGM to, among other things, consider and, if thought fit, approve the Subscription.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders on the Subscription. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same matter.

A circular containing, among other things, (i) further details of the Share Subscription 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 matter and its recommendation on voting; and (iv) notice of the EGM and the related form of proxy, will be despatched to the Shareholders in due course in accordance with the Listing Rules.

## **INTRODUCTION**

The Board announces that, on 15 July 2022, the Company and BAIC BluePark, an A-share listed subsidiary of BAIC Group, which is the controlling shareholder of the Company, entered into the Share Subscription Agreement, pursuant to which BAIC BluePark conditionally agrees to issue to the Company, and the Company conditionally agrees to subscribe for, not less than 35.99% of the total number of new A Shares actually issued under the A Share Issuance. The subscription price per new A Share shall be determined in accordance with the pricing principle in respect of the A Share Issuance and the total subscription amount payable by the Company shall not exceed RMB2,878.8829 million.

As at the date of this announcement, BAIC Guangzhou, a wholly-owned subsidiary of the Company, BAIC Group and Bohai Automotive, a subsidiary of BAIC Group, holds approximately 6.25%, 29.73% and 3.01% of the total existing issued A Shares, respectively. Pursuant to the Share Subscription Agreement, upon the completion of the Subscription, the Company and BAIC Guangzhou shall in aggregate hold not less than 6.25%, and not more than 24.36% (assuming the subscription price for the A Share Issuance is RMB2.73 per new A Share, being the audited net asset value per share of BAIC BluePark as at 31 December 2021) of the enlarged total issued A Shares.

On the same day, Bohai Automotive, a subsidiary of BAIC Group, entered into a share subscription agreement with BAIC BluePark, for the subscription of not less than 3.01% of the total number of new A Shares actually issued under the A Share Issuance at the same subscription price and under the same terms as those agreed with the Company, and the total subscription amount payable by Bohai Automotive shall not exceed RMB241.0517 million.

## **SHARE SUBSCRIPTION AGREEMENT**

The principal terms of the Share Subscription Agreement are as follows:

- Parties:** The Company (as the subscriber)
- BAIC BluePark (as the issuer)
- Date:** 15 July 2022
- Effective date and conditions precedent:** The Subscription is conditional upon the satisfaction of the following conditions:
- (1) the board of directors of BAIC BluePark passes a resolution to approve the A Share Issuance;
  - (2) the shareholders of BAIC BluePark passes a resolution at a general meeting to approve the A Share Issuance;
  - (3) the Board and the Shareholders approve the Subscription by way of a board meeting and general meeting, respectively;
  - (4) the Company obtains clearance from the Hong Kong Stock Exchange with respect to the circular for the Subscription to be despatched to the Shareholders;

- (5) the competent state-owned assets supervision and management authorities or organizations authorised by them approve the A Share Issuance; and
- (6) approval of or the consent to the registration from the CSRC for the A Share Issuance.

**Subscription price, basis of pricing and maximum subscription amount:**

Pursuant to the Share Subscription Agreement, the total subscription amount payable by the Company shall not exceed RMB2,878.8829 million and the issue price shall not be less than: (i) 80% of the average trading price of shares of BAIC BluePark for 20 trading days prior to the first day of the offer period of the A Share Issuance (the “**Pricing Benchmark Date**”) (excluding the Pricing Benchmark Date); and (ii) the latest audited net asset value per share of BAIC BluePark prior to the offer period (the “**Reserve Offer Price**”). The final issue price will be determined after BAIC BluePark obtains the approval of or the consent to the registration from the CSRC for the A Share Issuance and through negotiation between BAIC BluePark and its sponsor (lead underwriter) in accordance with the Implementing Rules for Non-public Issuance of Shares by Listed Companies (《上市公司非公开发行股票實施細則》) (the “**Implementing Rules**”), having regard to the quotations offered by target subscribers.

In accordance with the requirements under the Implementing Rules, the Company shall not participate in the pricing process for the A Share Issuance, and shall subscribe for new A Shares at the same price as other subscribers. If there is no quotation or valid quotation for the A Share Issuance, the Company shall subscribe for new A Shares to be issued under the A Share Issuance at the aforesaid Reserve Offer Price.

During the period from the Pricing Benchmark Date to the completion of the offer period, if there are any ex-rights or ex-dividends events of BAIC BluePark, such as distribution of dividends, bonus shares or capitalisation issue, the issue price of the A Share Issuance will be adjusted in accordance with relevant rules promulgated by the CSRC and the SSE.

**Number of new A Shares to be subscribed for:**

BAIC BluePark proposes to non-publicly issue up to 1,286,193,039 (inclusive) (representing approximately 30% of the total number of A Shares in issue as at the date of this announcement) new A Shares to specific target subscribers. Pursuant to the Share Subscription Agreement, the Company shall subscribe for not less than 35.99% of the new A Shares actually issued under the A Share Issuance, at a total subscription amount of up to RMB2,878.8829 million. The number of A Shares to be subscribed for by the Company shall be confirmed at the close of the offer period.

If bonus issue, conversion of capital reserve into share capital and other ex-rights matters of BAIC BluePark occur during the period from the Pricing Benchmark Date to the completion of the offer period, the number of A Shares to be issued under the A Share Issuance shall be correspondingly adjusted in accordance with relevant rules of the CSRC and the SSE.

If the CSRC adjusts the number of A Shares to be issued under the A Share Issuance, BAIC BluePark has the right to unilaterally adjust the number of new A Shares to be subscribed for by the Company, but the amount of subscription to be paid by the Company after the adjustment shall not exceed RMB2,878.8829 million.

**Payment arrangements:**

After the approval of or the consent to the registration from the CSRC for the A Shares Issuance is obtained, subject to relevant requirements of the Share Subscription Agreement, the Company shall, within five working days following the receipt of the payment notice sent by BAIC BluePark and the lead underwriter of the A Share Issuance, make a cash lump-sum payment of the total subscription price to the bank account specially opened by the lead underwriter for the A Share Issuance.

If the trading price of shares of BAIC BluePark is lower than the latest audited net asset value per A Share for 20 consecutive trading days, and BAIC BluePark intends to proceed with the A Shares Issuance, it shall negotiate and reach an agreement with the Company.

After payment of the subscription price by the Company in accordance with relevant rules and requirements on the A Share Issuance, BAIC BluePark shall, according to the offer results, amend its current articles of association in a timely manner, and complete the relevant procedures for registration of changes with the relevant authority of BAIC BluePark; and shall apply to the SSE and the Shanghai Branch of China Securities Depository and Clearing Corporation Limited for the registration of the Subscription for the Company, in a timely manner.

The accumulated undistributed profits of BAIC BluePark prior to the A Share Issuance shall be shared among new and existing shareholders of BAIC BluePark who appear as such upon the completion of the issuance.

**Lock-up period:**

The new A Shares to be issued under the A Share Issuance and subscribed for by the Company shall not be transferred within 36 months following the completion of the A Share Issuance. If there are subsequent changes in relevant laws, regulations, and normative documents of the securities regulatory authorities, the lock-up period will be adjusted accordingly.

**INFORMATION ON BAIC BLUEPARK**

BAIC BluePark, whose A Shares are listed in the SSE, 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, BAIC Group, BAIC Guangzhou and Bohai Automotive directly hold 1,274,778,438, 268,054,522 and 129,182,912 A Shares, accounting for approximately 29.73%, 6.25% and 3.01% of the total existing issued A Shares of BAIC BluePark, respectively.

As at 31 December 2021, the book value of audited consolidated total assets of BAIC BluePark was RMB39,080.8832 million, and the book value of owner's equity attributable to the parent company was RMB111,214.5449. The following table sets forth the financial information of BAIC BluePark for the two years ended 31 December 2021 prepared in accordance with the China Accounting Standards for Business Enterprises:

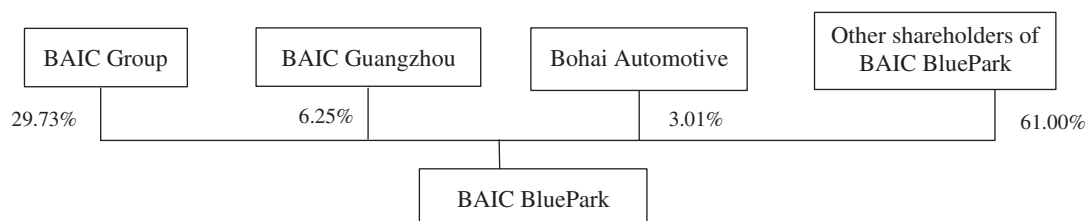
	<b>For the year ended 31 December 2020</b> <i>(RMB10,000)</i> (Audited)	<b>For the year ended 31 December 2021</b> <i>(RMB10,000)</i> (Audited)
Net profit/(loss) before taxation and non-recurring items	(656,140.83)	(517,987.01)
Net profit/(loss) after taxation and non-recurring items	(664,017.91)	(546,964.45)

*Note:* Non-recurring profit or loss items were calculated according to the requirements of the CSRC and relevant regulatory authorities and mainly include government grants (except government grants which are closely related to the Company's normal operations, meet the national policies and regulations, and are continuously obtained), profit or loss from disposal of non-current assets, profit or loss from investment or asset management by other persons engaged, current net profit or loss of subsidiaries recognised from business combinations involving enterprises under common control, other non-operating income and expenditures, and corresponding income tax impacts.

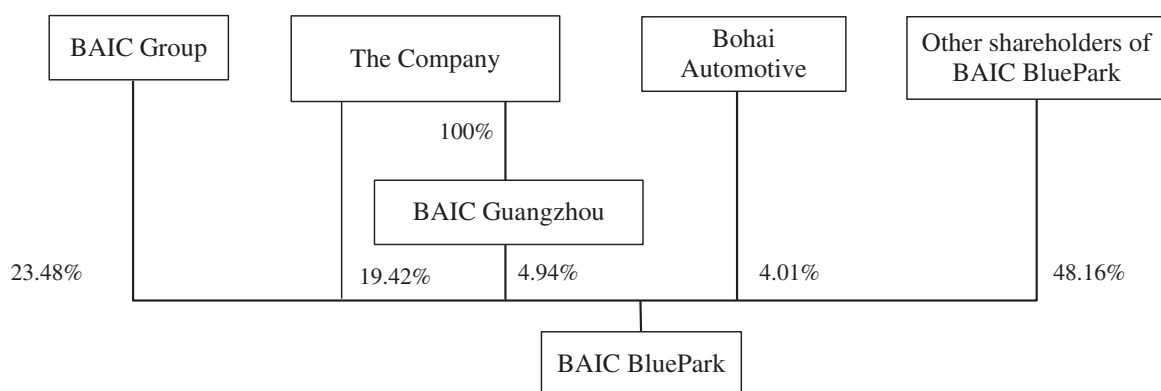
## SHAREHOLDING STRUCTURE OF BAIC BLUEPARK PRIOR TO AND UPON THE COMPLETION OF THE SUBSCRIPTION

The shareholding structure of BAIC BluePark as at the date of this announcement and the largest possible shareholding percentages of the Company, BAIC Guangzhou, BAIC Group and Bohai Automotive, a subsidiary of BAIC Group, in BAIC BluePark upon completion of the A Share Issuance are set out as below:

As at the date of this announcement:



Upon completion of the A Share Issuance<sup>(i)</sup>:



(i) Assuming that there is no quotation or valid quotation for the A Share Issuance, the total subscription amount payable by the Company and Bohai Automotive are RMB2,878.8829 million and RMB241.0517 million, respectively, and the lowest subscription price of the Reserve Offer Price for the A Share Issuance is RMB2.73 per new A Share (being the audited net asset value per share of BAIC BluePark as at 31December 2021), the number of new A Shares issued under the A Share Issuance to be subscribed by the Company and Bohai Automotive will be not more than 1,054.5359 million and 88.2973 million A Shares, accounting for approximately 19.42% and 4.01% of the enlarged total issued A Shares of BAIC BluePark, respectively, upon the completion of the Subscription.

Pursuant to the Share Subscription Agreement, upon the completion of the Subscription, the Company and BAIC Guangzhou shall in aggregate hold not less than 6.25%, and not more than 24.36% (assuming the subscription price for the A Share Issuance is RMB2.73 per A Share, being the audited net asset value per share of BAIC BluePark as at 31 December 2021) of the enlarged total issued A Shares.

## REASONS FOR AND BENEFITS OF THE TRANSACTION

1. Driven by economic transformation and upgrading, consumer demand, carbon peaking and carbon neutrality targets and double credit requirements, the rapid increase in penetration of new energy vehicle and the continuous expansion of industrial scale have become the inevitable trend of upgrading the automotive industry in recent years. The New Energy Vehicle Industry Development Plan (2021-2025) issued by the General Office of the State Council stated that the sales volume of new energy vehicles will account for 20% of the aggregate new vehicle sales volume by 2025, and new energy vehicles will become the mainstream of new vehicle models sold by 2035. Participation in the new energy vehicle industry has become the investment consensus and strategic direction of automobile enterprises at the current stage.



2. After years of development, BAIC BluePark has become a domestic new energy vehicle enterprise that master the core battery, motor and electric control technologies and integrated matching control technology of electric vehicles, and possess a large asset base, comprehensive industrial chain, rich product lines and wide product market applications, and has business strength.
3. The proceeds from the A Share Issuance are proposed to be invested in projects such as development in skateboard chassis for scenario-oriented products, including the upgrading and development, R&D and establishment of core technology of whole vehicle products of brands including Arcfox, and the replenishment of working capital. The relevant investment projects are in line with industrial policy and national strategic orientation, which are expected to enhance the business and product competitiveness of BAIC BluePark, and bring return on investment and increase in shareholders' equities (including the Company's interest in BAIC BluePark).
4. The Company has strategic cooperation with BAIC BluePark in product research and development, production, marketing and other business fields, while owning a 6.25% of the total existing issued A Shares. Through participation in the A Share Issuance, the Company can prevent the dilution of its shareholding in BAIC BluePark, while further deepening the cooperation relationship between the Company and BAIC BluePark through holding increased shareholding, broadening cooperation fields, saving investment costs of the Company in new energy fields and sharing development dividends in new energy fields.
5. Despite the broad development prospects of new energy vehicle and the considerable policy support, major domestic new energy vehicle enterprises are generally suffering losses due to the factors such as requirement for improvement in the current scale of production and marketing, the continuous reduction in subsidies for new energy vehicles, the rise in price of raw materials, and the structural tightening of supply chain, based on the aforesaid analysis, the Company has reasonable expectations for the improvement in the medium and long-term profitability of competitive new energy vehicle enterprises.

## **INFORMATION ON THE COMPANY**

The Company is a company limited by shares incorporated in the PRC. It is a leading manufacturer of passenger vehicles in the PRC. The Company is engaged in the design, research and development, manufacture and sales of an extensive and diversified portfolio of passenger vehicle models, and it also provides related services in the PRC. The Company offers a variety of passenger vehicle models, including mid-to-large-sized sedan, mid-sized sedan, compact sedan, small-sized sedan, SUV, MPV and CUV products to satisfy customer demands for different types of vehicles.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, BAIC BluePark is a 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 constitutes 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 constitutes a discloseable and connected transaction of the Company and is therefore subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

## **OPINION OF THE DIRECTORS**

The Directors of the Company (excluding the independent non-executive Directors, whose opinions will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) considered that (i) the terms and conditions of the Subscription are fair and reasonable; (ii) the Subscription is in the ordinary and usual course of business of the Company and on normal commercial terms; and (iii) the Subscription is in the interests of the Company and its Shareholders as a whole.

Since Mr. Chen Wei, Mr. Chen Hongliang, Mr. Hu Hanjun and Mr. Zhang Guofu, each being a Director of the Company, also hold office in BAIC Group and/or its subsidiaries, they are therefore considered to be materially interested in the Subscription. In addition, considering that each of Mercedes-Benz Group AG and Beijing Energy Group Co., Ltd. (北京能源集團有限責任公司), each being a Shareholder indirectly holds A Shares, the Directors designated by them, namely Mr. Hubertus Troska, Mr. Harald Emil Wilhelm and Mr. Sun Li, are also considered to be materially interested in the Subscription. As a result, each of Mr. Chen Wei, Mr. Chen Hongliang, Mr. Hu Hanjun, Mr. Zhang Guofu, Mr. Hubertus Troska, Mr. Harald Emil Wilhelm and Mr. Sun Li has abstained from voting on the Board resolutions for approving the Subscription. Save for the above persons, none of the other Directors has any interest in the Subscription.

## **GENERAL**

The Company will convene the EGM for the purpose of obtaining the Independent Shareholders' approval for the Company to participate in the Subscription to subscribe for not less than 35.99% of the total number of new A Shares to be issued under the A Share Issuance. The subscription price per A Share will be determined in accordance with the pricing principle in respect of the A Share Issuance and the total subscription amount payable by the Company shall not exceed RMB2,878.8829 million.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders on the Subscription. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same matter.

A circular containing, among other things, (i) further details of the Share Subscription 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 matter and its recommendation on voting; and (iv) notice of the EGM and the related form of proxy, will be despatched to the Shareholders in due course in accordance with the Listing Rules.

## **DEFINITIONS**

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

“A Share(s)”	ordinary share(s) of RMB1.00 each of BAIC BluePark which are listed on the Shanghai Stock Exchange and traded in RMB
“A Share Issuance”	the proposed non-public issuance by BAIC BluePark of up to 1,286,193,039 (inclusive) (representing approximately 30% of the total number of A Shares in issue as at the date of this announcement) new A Shares to up to 35 target subscribers who meet conditions specified by the CSRC, including the Company and Bohai Automotive
“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 SSE
“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 SSE
“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
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“EGM”	the 2022 first extraordinary general meeting of the Company to be convened and held for, among other things, consideration and (if thought fit) approval of the Subscription
“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 Subscription
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent committee of the Board comprising all independent non-executive Directors, namely, Mr. Ge Songlin, Ms. Yin Yuanping, Mr. Xu Xiangyang, Mr. Tang Jun and Mr. Edmund Sit, which was established to advise the Independent Shareholders in relation to the Subscription
“Independent Shareholders”	Shareholders who are not required to abstain from voting on the resolution to be proposed at the EGM in relation to the Subscription

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Share Subscription Agreement”	the conditional share subscription agreement for the non-public issuance dated 15 July 2022 entered into between the Company and BAIC BluePark in relation to the Subscription
“SSE”	the Shanghai Stock Exchange
“Subscription”	the subscription by the Company of new A Shares to be issued under the A Share Issuance
“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 July 2022

*As at the date of this announcement, the Board comprises Mr. Chen Wei, as Chairman of the Board and non-executive Director; Mr. Chen Hongliang and Mr. Hu Hanjun, as non-executive Directors; Mr. Huang Wenbing and Mr. Zhang Guofu, as executive Directors; 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*