

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.



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)

**CONTINUING CONNECTED TRANSACTIONS
ENTRY OF THE FINANCIAL SERVICES FRAMEWORK AGREEMENT
WITH BAIC AUTOMOTIVE FINANCE**

THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

The Company announces that, after market closes on 31 March 2025, the Company and BAIC Automotive Finance, a wholly-owned subsidiary of BAIC Group (being the sole controlling shareholder of the Company), entered into the Financial Services Framework Agreement, pursuant to which BAIC Automotive Finance has agreed to provide automotive financial services to the Group, subject to the approved scope of business of BAIC Automotive Finance. The Financial Services Framework Agreement takes effect from 31 March 2025 to 31 December 2025.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BAIC Group is the sole controlling shareholder of the Company and holds approximately 46.90% of the total issued share capital of the Company, and hence is a connected person of the Company. As BAIC Group holds 100% of the equity interest in BAIC Automotive Finance, BAIC Automotive Finance is an associate of BAIC Group. Therefore, BAIC Automotive Finance is a connected person of the Company and the transactions contemplated under the Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Cap for charges for financial services to be paid by the Group to BAIC Automotive Finance contemplated under the Financial Services Framework Agreement is more than 0.1% but less than 5%, such continuing connected transactions are only subject to the reporting, announcement and annual review requirements, but are exempt from circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Company announces that, after market closes on 31 March 2025, the Company and BAIC Automotive Finance, a wholly-owned subsidiary of BAIC Group (being the sole controlling shareholder of the Company), entered into the Financial Services Framework Agreement, pursuant to which BAIC Automotive Finance has agreed to provide automotive financial services to the Group, subject to the approved scope of business of BAIC Automotive Finance. The Financial Services Framework Agreement takes effect from 31 March 2025 to 31 December 2025.

THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

The principal terms of the Financial Services Framework Agreement are as follows:

Date: 31 March 2025 (after market closes)

Parties: (1) BAIC Automotive Finance; and
(2) the Company

Principal Terms: According to the Financial Services Framework Agreement, BAIC Automotive Finance will provide automotive financial services to the Group, subject to the approved scope of business of BAIC Automotive Finance.

Members of the Group and BAIC Automotive Finance will enter into individual agreement for each of the specific transactions contemplated under the Financial Services Framework Agreement, provided that any such individual agreement shall follow the principles as set out in the Financial Services Framework Agreement and the aggregate charges for financial services to be paid by the Group to BAIC Automotive Finance for the financial year ending 31 December 2025 thereunder shall not exceed the Proposed Cap.

Term: The term of the Financial Services Framework Agreement takes effect from 31 March 2025 to 31 December 2025, subject to renewal through mutual consent by the parties.

Pricing Policy: The Financial Services Framework Agreement provides for the interest rates or services fees to be charged by BAIC Automotive Finance shall be: (a) compliant with the fee standards (if applicable) for similar types of financial services as published by the PBOC or the NFRA from time to time; and (b) not higher than the interests or fees charged by BAIC Automotive Finance to the subsidiaries of BAIC Group, other than the Group, for similar financial services.

PROPOSED CAP FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2025

There are no historical transaction amounts for the financial services to be provided by BAIC Automotive Finance to the Group. The Company estimates the annual cap for the charges for the financial services to be paid by the Group to BAIC Automotive Finance under the Financial Services Framework Agreement for the financial year ending 31 December 2025 (i.e., the Proposed Cap) is RMB761.4 million.

BASIS OF DETERMINATION OF THE PROPOSED CAP

In determining the annual cap for charges for the financial services to be provided by BAIC Automotive Finance to the Group under the Financial Services Framework Agreement (i.e., the Proposed Cap), the Company mainly considered the following factors:

- (i) the Group's target annual vehicle production and sales volume, which includes the existing Beijing Brand vehicles and new models to be launched, for the financial year ending 31 December 2025;
- (ii) the types and associated fees of financial services, mainly related to automobile financial services such as consumer credit, distributor financing, etc., which are subject to relevant approvals from the NFRA, to be provided by BAIC Automotive Finance to the Group; and
- (iii) the expected proportion of financial services to be provided by BAIC Automotive Finance compared to other service provider(s) rendering similar financial services to the Group.

INFORMATION ON BAIC AUTOMOTIVE FINANCE

BAIC Automotive Finance is a non-bank financial institution established in February 2016 with the approval of the NFRA. As at the date of this announcement, BAIC Automotive Finance is a wholly-owned subsidiary of BAIC Group, the controlling shareholder of the Company. The primary business of BAIC Automotive Finance is to provide automotive financial service.

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 46.90% 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.

INTERNAL CONTROL AND CORPORATE GOVERNANCE MEASURES TARGETED FOR TRANSACTIONS UNDER THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

The Company has put in place targeted internal control and corporate governance measures for transactions under the Financial Services Framework Agreement:

(i) Independent financial system

The Group has established a comprehensive financial management system for the management of financial services which targets the following areas:

- (a) *specialised budget management*: the Group has set up a specialised budget management department, with enterprise development strategies as the start, reaching target profit as the aim, and future sales as the basis for preparation, to prepare annual budgets for operation, formulate annual proposals for the automobile financing business based on such annual budgets; and
- (b) *specialised business management*: the Group has established a specialised business management team for exercising daily management for the automobile financing business, setting up specialised positions for supervising the total expenses incurred and conducting comparison of the relevant interests and fees with those charged by other financial institutions, to ensure that the total charges payable by the Group to BAIC Automative Finance would not exceed the Proposed Cap and the interests and fees are in line with the requirements under the Financial Services Framework Agreement.

The Group has also set up a stringent and efficient audit system. The independent internal audit team established by the Company is composed of members with years of experience in auditing and finance, most of whom are certified internal auditors. The internal audit team conducts internal audit work on the Company's capital position on a regular basis every year as well as independent and objective supervision and evaluation on the Company's capital management.

In the meantime, the audit committee of the Board is mainly responsible for handling external auditing matters, supervising the Company's internal audit system and implementation, conducting audit on the Company's financial information, reviewing and supervising the Company's financial reports, risk management and effectiveness of the internal control system. It is also responsible for evaluating the effectiveness of the Company's internal control and the reliability of financial reports in an independent, fair and effective way and report to the Board and the Shareholders' general meeting.

(ii) Risk management measures

BAIC Automotive Finance will provide sufficient information including various financial indicators (as well as annual and interim financial statements) at the end of every quarter to enable the Company to monitor and review the financial condition of BAIC Automotive Finance. BAIC Automotive Finance shall notify the Company, in compliance with applicable laws and regulations, should it be subject to any judicial, legal or regulatory proceedings or investigations which are reasonably likely to have a material impact on the financial condition of it. If the Company considers that there is any material adverse change in the financial condition of BAIC Automotive Finance, the Company will take appropriate measures to protect the financial position of the Company.

(iii) Internal control measures

The Company has formulated internal control policies and the finance department of the Company is responsible for implementation of such policies. All cash inflow and outflow of the Group should be considered under a unified budget system. In addition, the Company's vice president who is in charge of finance affairs and his/her team will be responsible for closely monitoring such continuing connected transactions.

To ensure that the pricing terms of transactions under the Financial Services Framework Agreement are normal commercial terms, the Company has applied and fully implemented the internal control policies for each transaction. According to relevant internal control requirements, the financial department, audit department, legal department and other relevant departments will conduct review based on the transaction type and corresponding approved amount of each transaction made by the capital management team to ensure that the pricing terms of transactions under the Financial Services Framework Agreement are on normal commercial terms.

The independent non-executive Directors will, on an annual basis, specially review implementation and execution of transactions under the Financial Services Framework Agreement independently. Any material findings in the risk assessment reports, the views of the independent non-executive Directors on the financial services under the Financial Services Framework Agreement (including their views on how to comply with the terms of the Financial Services Framework Agreement), and their decisions on any matters in relation thereto, will be disclosed in the Company's annual and interim reports.

During the annual audit of the Company, the Company would engage its auditor to audit connected transactions between the Company and BAIC Automotive Finance to ensure that the transactions under the Financial Services Framework Agreement have been conducted in accordance with the Listing Rules and the relevant disclosure requirements have been complied with.

REASONS AND BENEFITS OF ENTRY OF THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

The main reasons for and benefits of the Company to enter into the Financial Services Framework Agreement with BAIC Automotive Finance are as follows:

- (i) as a subsidiary the BAIC Group, BAIC Automotive Finance integrates the resources of the automobile finance and other finance sectors within the BAIC Group, provides high-quality financial products and services to the Group's end customers and distributors, helps the Group to promote vehicle sales, enhances customer loyalty, optimises capital operations and enhances brand value;
- (ii) the arrangements under the Financial Services Framework Agreement would save service costs, thereby increasing the profitability of the Group; and
- (iii) BAIC Automotive Finance is regulated by the PBOC and the NFRA, and as such the services it provided must be in accordance with and in compliance with the rules and operational requirements of such regulatory authorities.

The Board (including the independent non-executive Directors but excluding the Directors who have abstained from voting as more particularly described below) is of the view that transactions under the Financial Services Framework Agreement will be conducted on normal commercial terms, and the terms and conditions therein as well as the Proposed Cap for the charges for the financial services to be paid by the Group thereunder for the financial year ending 31 December 2025 are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

Since Mr. Hu Hanjun, Mr. Chen Hongliang and Mr. Peng Jin, each being a Director, also hold office in BAIC Group and/or its subsidiaries, they are therefore considered to be materially interested in the transactions contemplated under the Financial Services Framework Agreement. As a result, each of Mr. Hu Hanjun, Mr. Chen Hongliang and Mr. Peng Jin has abstained from voting on the Board resolution for approving the Financial Services Framework Agreement and the transactions contemplated thereunder. Save for the above Directors, none of the other Directors has any interest in the transactions contemplated under the Financial Services Framework Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BAIC Group is the sole controlling shareholder of the Company and holds approximately 46.90% of the total issued share capital of the Company, and hence is a connected person of the Company. As BAIC Group holds 100% of the equity interest in BAIC Automotive Finance, BAIC Automotive Finance is an associate of BAIC Group. Therefore, BAIC Automotive Finance is a connected person of the Company and the transactions contemplated under the Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Cap for the charges for financial services to be paid by the Group to BAIC Automotive Finance contemplated under the Financial Services Framework Agreement is more than 0.1% but less than 5%, such continuing connected transactions are only subject to the reporting, announcement and annual review requirements, but are exempt from circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“BAIC Automotive Finance”	BAIC Automotive Finance (Hangzhou) Co., Ltd.* (北汽汽車金融(杭州)有限公司), a non-banking financial institution incorporated in the PRC, and a wholly-owned subsidiary of BAIC Group, the controlling shareholder of the Company
“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
“Board”	the board of Directors
“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
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time

“Financial Services Framework Agreement”	the financial services framework agreement entered into between the Company and BAIC Automotive Finance on 31 March 2025
“NFRA”	National Financial Regulatory Administration in the PRC
“PBOC”	The People’s Bank of China, the central bank in the PRC
“PRC” or “China”	the People’s Republic of China
“Proposed Cap”	the proposed cap for charges for financial services to be paid by the Group to BAIC Automotive Finance for the year ending 31 December 2025
“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
Yu Dan
Secretary to the Board and Company Secretary

Beijing, the PRC, 31 March 2025

As at the date of this announcement, the Board comprises Mr. Wang Hao, as Chairman of the Board and executive Director; Mr. Hu Hanjun and Mr. Chen Hongliang, as non-executive Directors; Mr. Song Wei, as executive Director; Mr. Peng Jin, 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 purpose only