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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)**

## **CONNECTED TRANSACTION ACQUISITION OF ASSETS**

### **SUMMARY**

The Board is pleased to announce that on 24 March 2016, the Board approved BEPC, a subsidiary of the Company, to enter into the Asset Acquisition Agreement with Beinei Limited, a subsidiary of BAIC Group, pursuant to which, BEPC will acquire, and Beinei Limited will sell the Target, being part of the land and properties in the factory site of Beinei Limited at a Consideration of RMB149,868,979.49 in cash.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, BAIC Group is the sole controlling shareholder of the Company and holds 44.98% of the total issued share capital of the Company, thus it is a connected person of the Company. Beinei Limited is a wholly-owned subsidiary of BAIC Group, thus Beinei Limited is a connected person of BAIC Group. Beinei Limited is a connected person of the Company under Chapter 14A of the Listing Rules. Meanwhile, as at the date of this announcement, the Company holds 50% equity interests in BEPC and BAIC Investment, a subsidiary of the Company, holds the remaining 50% of the equity interests, thus BEPC is a subsidiary of the Company. Accordingly, the acquisition by BEPC of parts of land and properties held by Beinei Limited constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Transaction is more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements and exempted from the dispatch of circular and independent Shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

## **CONFIRMATION OF THE DIRECTORS**

As Mr. Xu Heyi, Mr. Zhang Xiyong, Mr. Li Zhili, Mr. Li Feng and Mr. Ma Chuanqi, all being the Directors, also hold office in BAIC Group, they are deemed to have material interests in the Transaction and have abstained from voting on the Board resolution of the Transaction accordingly. Save for the above persons, other Directors have no interests in the Transaction.

Directors of the Company (including independent non-executive Directors) have considered and approved the Board resolution of the Transaction. They considered that the Transaction is (i) on normal or better commercial terms; (ii) on fair and reasonable terms and conditions; and (iii) in the interests of the Company and the Shareholders as a whole.

## **I. INTRODUCTION**

The Board is pleased to announce that on 24 March 2016, the Board approved BEPC, a subsidiary of the Company, to enter into the Asset Acquisition Agreement with Beinei Limited, a subsidiary of BAIC Group, pursuant to which, BEPC will acquire, and Beinei Limited will sell the Target, being part of the land and properties in the factory site of Beinei Limited at a Consideration of RMB149,868,979.49 in cash.

## **II. ASSETS ACQUISITION AGREEMENT**

Principal terms of the Asset Acquisition Agreement are set out below:

Parties:	Purchaser – BEPC
	Vendor – Beinei Limited
Date of Agreement:	Upon obtaining the relevant approvals, the parties will accordingly execute the agreement as soon as practicable.
Target:	The land covering a site area of 47,817m <sup>2</sup> (71.7 mu) and properties with a GFA of 33,716m <sup>2</sup> located in eastern Xiji Development Zone of Tongzhou District, Beijing.
Consideration:	The consideration for the Target is RMB149,868,979.49, which is determined based on its valuation. The final acquisition price is subject to an assets valuation approved by Beijing SASAC.
Terms of payment:	Unless otherwise agreed, BEPC shall pay Beinei Limited 30% of the total Consideration within 10 days of the execution of the agreement, and the remaining 70% within 30 days of registration by Beinei Limited of the Target in the name of BEPC.

Date and manner of completion: Unless otherwise agreed, both parties shall complete transfer of the Target by 30 October 2016.

For assets included in the Target that require no formalities for change in ownership to be completed with relevant administrative authorities, both parties shall each appoint dedicated person(s) to check and verify the amount and use of such assets according to the scope of assets set out in the Asset Acquisition Agreement, and complete the on-site hand over thereof. Upon completion of the check and verification, both parties shall sign on a handover list, confirming the delivery of such assets.

For assets included in the Target that require formalities for change in ownership to be completed with relevant administrative authorities, both parties shall do so as soon as practicable after the effective date of the Asset Acquisition Agreement. The registration of the ownership certificate in the name of BEPC shall be deemed as completion of the asset transfer. Such assets may be used by BEPC under the limited permission of Beinei Limited pending completion of formalities for change in ownership.

### **III. BASIS OF CONSIDERATION**

Pursuant to the Asset Acquisition Agreement, the Consideration for the acquisition is RMB149,868,979.49, which is determined by the Purchaser and the Vendor by reference to the appraised value. The original acquisition cost of the Target by Beinei Limited was RMB135,707,660.40. The Purchaser and the Vendor engaged Zhonghuansongde to prepare and issue the Valuation Report. Zhonghuansongde valued the assets using the cost method. As at 31 October 2015, the date of valuation, the net book value of the Target is RMB118,367,282.14, and the appraised value thereof is RMB149,868,979.49, representing a premium of RMB31,501,697.35 or 26.61%. The final consideration for the Acquisition is subject to an assets valuation approved by Beijing SASAC.

### **IV. REASON AND BENEFITS OF THE TRANSACTION**

BEPC supplies a range of products including camshafts and connecting rods to the brands under the Group, such as BAIC Motor, Beijing Hyundai and Beijing Benz. In the years ahead, BEPC will implement technical upgrades to its existing production lines, in addition to setting up new production lines for Benz M282 (VVL) electronic camshafts, KAPPA camshafts and KAPPA connecting rods, both of which will require extension or functional alteration of its existing factories. BEPC has leased the land and properties of Beinei Limited in eastern Xiji Development Zone of Tongzhou District, Beijing for production purposes. Given the need of BEPC for factory extension or functional alteration in preparation for future development, acquiring the title to the occupied land will provide greater flexibility for decision-making and management. Acquiring the land and properties allows BEPC to save rental costs and achieve the integrity of its assets, which helps to promote its brand and improve its long-term sustainability.

## **V. LISTING RULES IMPLICATIONS**

As at the date of this announcement, BAIC Group is the sole controlling shareholder of the Company and holds 44.98% of the total issued share capital of the Company, thus it is a connected person of the Company. Beinei Limited is a wholly-owned subsidiary of BAIC Group, thus Beinei Limited is a connected person of BAIC Group. Accordingly, Beinei Limited is a connected person of the Company under Chapter 14A of the Listing Rules. Meanwhile, as at the date of this announcement, the Company holds 50% equity interests in BEPC and BAIC Investment, a subsidiary of the Company, holds the remaining 50% of the equity interests, thus BEPC is a subsidiary of the Company. Accordingly, the acquisition by BEPC of parts of land and properties held by Beinei Limited constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Transaction is more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements and exempted from the dispatch of circular independent Shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

## **VI. CONFIRMATION OF THE DIRECTORS**

As Mr. Xu Heyi, Mr. Zhang Xiyong, Mr. Li Zhili, Mr. Li Feng and Mr. Ma Chuanqi, all being the Directors, also hold office in BAIC Group, they are deemed to have material interests in the Transaction and have abstained from voting on the Board resolution of the Transaction accordingly. Save for the above persons, other Directors have no interests in the Transaction.

Directors of the Company (including independent non-executive Directors) have considered and approved the Board resolution of the Transaction. They considered that the Transaction is (i) on normal or better commercial terms; (ii) on fair and reasonable terms and conditions; and (iii) in the interests of the Company and the Shareholders as a whole.

## **VII. GENERAL INFORMATION**

### **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. It is engaged in the design, research and development, manufacture and sale of an extensive and diversified portfolio of passenger vehicle models, and the provision of related services in the PRC. It offers a variety of passenger vehicle models, including mid- to large-size sedan, mid-size sedan, compact sedan, small-size sedan, SUV, MPV and CUV products to satisfy customer demands for different types of vehicles.

### **BAIC Group**

BAIC Group's principal businesses include manufacturing, sale, import and export of vehicles and spare parts, operation and management of state-owned assets, investment and investment management, technology development, service and consultancy, and real property development and sales.

## **BEPC**

BEPC is a producer of engine parts and components, with key products including automotive engine camshafts and connecting rods. It is the only domestic supporting manufacturer designated by the Company to produce camshafts for main engine plants operated by the Company under a number of automotive brands.

## **Beinei Limited**

Beinei Limited, a subsidiary of BAIC Group, is a producer specialising in manufacturing engines for, among others, the automotive, agricultural machinery, engineering machinery and military industries.

## **VIII. DEFINITION**

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

“Asset Acquisition Agreement”	the Agreement on Asset Acquisition to be entered into between Beijing Beinei Engine Parts and Components Co., Ltd. and Beijing Beinei Limited
“associate”	has the meaning ascribed to it under the Listing Rules
“BAIC Investment”	BAIC Investment Co., Ltd, a company incorporated in the PRC with limited liability, and a subsidiary owned by the Company and BAIC Group as to 97.95% and 2.05% respectively
“BAIC Group”	Beijing Automotive Group Co., Ltd., a state-owned enterprise incorporated in the PRC, the sole controlling shareholder of the Company
“Beijing SASAC”	the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality
“Beinei Limited”	Beijing Beinei Limited, a company incorporated in the PRC with limited liability, and a subsidiary of BAIC Group
“BEPC”	Beijing Beinei Engine Parts and Components Co., Ltd., a company incorporated in the PRC with limited liability, and a subsidiary owned by the Company and BAIC Investment, a subsidiary of the Company, as to 50% and 50% respectively
“Board”	the board of Directors of the Company
“Company”	BAIC Motor Corporation Limited
“connected person”	has the meaning ascribed to it under the Listing Rules

“Consideration”	RMB149,868,979.49, being the purchase price of the land and properties located in eastern Xiji Development Zone of Tongzhou District, Beijing, the PRC
“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
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“PRC”	The People’s Republic of China, for the purpose of this announcement, excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“RMB”	Reminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Target”	The land covering a site area of 47,817m <sup>2</sup> (71.7 mu) and properties with a GFA of 33,716m <sup>2</sup> located in eastern Xiji Development Zone of Tongzhou District, Beijing, the PRC to be acquired by BEPC from Beinei Limited pursuant to the Asset Acquisition Agreement
“Transaction”	the transaction to be entered into by BEPC and Beinei Limited pursuant to the Asset Acquisition Agreement
“Valuation Report”	the Valuation Report on Assets to be Transferred by Beijing Beinei Limited Song De Ping Bao Zi (2015) No. 079 issued by Zhonghuansongde on 19 November 2015
“Zhonghuansongde”	Zhonghuansongde (Beijing) Assets Evaluation Co., Ltd., an independent asset valuation company
“%”	percentage

By order of the Board  
**BAIC Motor Corporation Limited**  
**Xu Heyi**  
*Chairman*

Beijing, the PRC, 28 March 2016

*As at the date of this announcement, the Board comprises Mr. Xu Heyi, as Chairman of the Board and non-executive Director; Mr. Zhang Xiyong, Mr. Li Zhili, as non-executive Directors; Mr. Li Feng, as executive Director; Mr. Ma Chuanqi, Mr. Qiu Yinfu, Mr. Hubertus Troska, Mr. Bodo Uebber, Ms. Wang Jing and Mr. Yang Shi, as non-executive Directors; and Mr. Fu Yuwu, Mr. Wong Lung Tak Patrick, Mr. Bao Robert Xiaochen, Mr. Zhao Fuquan and Mr. Liu Kaixiang, as independent non-executive Directors.*

\* For identification purpose only