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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)

PLACING OF H SHARES

Placing Agent



The Company is pleased to announce that the Company has obtained the approval from the CSRC in respect of the Placing on 24 April 2018. On 25 April 2018, the Company entered into the Placing Agreement with the Placing Agent in relation to the Placing of 420,000,000 new H Shares at the Placing Price of HK\$7.89 per H Share.

The aggregate of 420,000,000 Placing Shares represent 19.99% and 5.53%, respectively, of the existing total issued H Shares and the total issued share capital of the Company as at the date of this announcement and 16.66% and 5.24%, respectively, of the total issued H Shares and the total issued share capital of the Company as enlarged by the issue of the Placing Shares.

The Placing Agent will place the Placing Shares to at least six Placees, subject to termination in certain events, as set out below under the heading “Conditions of the Placing”.

The maximum amount of net proceeds of approximately HK\$3,265.91 million from the Placing of the Placing Shares is intended to be used for replenishment of working capital and general corporate purpose of the Company.

The Placing Shares will be issued under the General Mandate.

Since completion of the Placing is subject to certain conditions precedent as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the H Shares.

THE PLACING AGREEMENT

Date: 25 April 2018

Parties: (i) The Company
(ii) The Placing Agent

PLACING

Pursuant to the Placing Agreement, the Placing Agent has agreed to act as Placing Agent, to procure Placees to subscribe for 420,000,000 new H Shares, to be issued by the Company pursuant to Placing Agreement, or failing which, to subscribe for itself such number of Placing Shares.

INDEPENDENCE OF THE PLACING AGENT

The Placing Agent is an independent third party which is not a connected person of the Company.

PLACEES

The Placing Agent will place the Placing Shares to at least six Placees, who will be professional, institutional or other investors. The choice of Placees for the Placing Shares shall be determined solely by the Placing Agent, subject to the requirements of the Listing Rules, and the Placing Agent shall use its reasonable endeavours not to place any of the Placing Shares to any connected person of the Company. It is expected that none of the individual Placees will become a substantial shareholder of the Company immediately after the completion of the Placing.

NUMBER OF PLACING SHARES

The Placing Shares comprise an aggregate of 420,000,000 new H Shares to be issued and allotted by the Company.

The aggregate of 420,000,000 Placing Shares represent 19.99% and 5.53%, respectively, of the existing total issued H Shares and the total issued share capital of the Company as at the date of this announcement and 16.66% and 5.24%, respectively, of the total issued H Shares and the total issued share capital of the Company as enlarged by the issue of the Placing Shares.

The aggregate nominal value of the Placing Shares will be RMB420,000,000 (equivalent to approximately HK\$520,994,852, at the exchange rate of HK\$100=RMB80.615).

PLACING PRICE

The Placing Price of HK\$7.89 per H Share represents:

- (i) a discount of approximately 8.0% to the closing price of HK\$8.58 per H Share as quoted on the Stock Exchange on 24 April 2018, being the date immediately preceding the date of the Placing Agreement; and
- (ii) a discount of approximately 5.5% to the average closing price of HK\$8.35 per H Share as quoted on the Stock Exchange for the last 5 trading days up to and including 24 April 2018.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent which has taken into account recent market price of the H Shares and the current market conditions.

CONDITIONS OF THE PLACING

Completion of the Placing is conditional upon the fulfilment, or waiver by the Placing Agent in respect of (iv), (v) and (vi) below only, of the following Conditions:

- (i) all necessary approvals and clearances from all relevant PRC regulatory authorities (including without limitation to the CSRC and Beijing SASAC) in connection with the Placing having been obtained to the reasonable satisfaction of the Company and the Placing Agent, such approvals and clearances not materially conflicting with or altering the terms of the Placing Agreement and not imposing any material adverse conditions on any party of the Placing Agreement;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently being revoked prior to the deposit by the Placing Agent of the Placing Shares in CCASS under the Placing Agreement);
- (iii) the Company being able to issue the Placing Shares pursuant to the General Mandate;
- (iv) each of the representations and warranties of the Company in the Placing Agreement shall have been true and correct when given or made and shall remain true and correct up to and including the Closing Date as if given and made at the Closing Date;
- (v) the receipt by the Placing Agent of an opinion from its United States counsel that no registration of the Placing Shares under the Securities Act, is required for the offer and sale of the Placing Shares by the Company pursuant to the Placing Agreement; and
- (vi) none of the circumstance leading to termination of the Placing Agreement as stipulated in the Placing Agreement having occurred.

The Company shall, as soon as is reasonably practicable, apply to the Stock Exchange for the granting of the listing of, and permission to deal in, the Placing Shares after the signing of the Placing Agreement and the Company shall use all reasonable endeavours to obtain the granting of such listing and permission to deal by the Listing Committee of the Stock Exchange as soon as is reasonably practicable and will inform the Placing Agent promptly following the granting of the same. The Company shall furnish such information, supply such documents, pay such fees and do all such acts and things as may reasonably be required by the Placing Agent, the SFC, the Stock Exchange and/or the relevant regulatory bodies in connection with the fulfilment of the Conditions.

If the Conditions are not fulfilled at or prior to 8:00 a.m. (Hong Kong time) on the seventh Business Day after the date of the Placing Agreement or such other date as the Company and Placing Agent may agree in writing, the Placing Agreement shall terminate and the Placing Agent and the Company shall have no obligations or liabilities to each other under the Placing and neither the Company nor the Placing Agent shall have any claim against the other for costs, damages, compensation or otherwise arising under the Placing Agreement save for antecedent breaches or as otherwise stipulated in the Placing Agreement.

TERMINATION

If at any time prior to 8:00 a.m. (Hong Kong time) on the Closing Date, any of the specific events provided in the Placing Agreement, such as the fact that any of the representations, warranties and undertakings by the Company set out in the Placing Agreement is untrue, inaccurate or misleading or has been breached in any respect comes to the knowledge of the Placing Agent, occurs, then and in any such case, the Placing Agent may, after consultation with the Company to the extent practicable and without affecting the sole discretion and any rights of the Placing Agent, terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to 8:00 a.m. (Hong Kong time) on the Closing Date.

COMPLETION OF THE PLACING

The Placing is expected to be completed on the Closing Date.

Since completion of the Placing is subject to certain conditions precedent as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the H Shares.

SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company as at the date of the Placing Agreement and immediately after completion of the Placing on the Closing Date:

Name of Shareholder	As at the date of the Placing Agreement		On the Closing Date	
	Number of Shares	Approximately percentage of the issued share capital (%)	Number of Shares	Approximately percentage of the enlarged issued share capital (%)
<i>Domestic Shares</i>				
BAIC Automotive Group Co., Ltd. (北京汽車集團有限公司)	3,416,659,704	44.98	3,416,659,704	42.63
Beijing Shougang Company Limited (北京首鋼股份有限公司)	1,028,748,707	13.54	1,028,748,707	12.83
Other Domestic Shareholders	1,049,239,089	13.82	1,049,239,089	13.09
<i>H Shares</i>				
Daimler AG	765,818,182	10.08	765,818,182	9.55
Public H Shareholders	1,334,872,500	17.58	1,754,872,500	21.90
Total	7,595,338,182	100.00	8,015,338,182	100.00

LOCK-UP UNDERTAKING

The Company has undertaken to the Placing Agent that for a period of 90 days from the Closing Date, the Company will not, except for the Placing Shares, (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any H Shares or any interests in H Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any H Shares or interest in H Shares or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of any H Shares; (iii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the transactions described in (i) or (ii) above; or (iv) announce any intention to enter into or effect any such transaction described in (i), (ii) or (iii) above, without first having obtained the written consent of the Placing Agent.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

The Placing Shares will be issued and allotted by the Company pursuant to the General Mandate. Pursuant to the General Mandate, the Directors are authorized to allot and issue up to 1,098,929,500 Domestic Shares and 420,138,136 H Shares. As at the date of this announcement, the Company has not issued any Domestic Shares or H Shares pursuant to the General Mandate.

REGULATORY AND CORPORATE APPROVALS

The Company has obtained all necessary PRC regulatory approvals in respect of the Placing, being the approvals from the CSRC and Beijing SASAC, as well as the necessary corporate approvals, being the General Mandate and the relevant Board approval.

The Placing is not subject to the approval of the Shareholders.

RANKING OF THE PLACING SHARES

The Placing Shares, when issued pursuant to the Placing Agreement, will be fully paid and will rank *pari passu* in all aspects with the other H Shares then in issue free from all liens, charges and encumbrances, and together with all rights attaching to them as at the date of issue of the Placing Shares, including the right to receive all dividends declared, made or paid on or after the date of issue of the Placing Shares and duly listed on the Stock Exchange.

REASONS FOR THE PLACING

The Company has been making efforts to continuously improve its product mix and profitability, so as to better reward the Shareholders. The Directors consider that the placing of the Placing Shares represents an opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company.

The Directors are of the view that the terms of the Placing Agreement (including the placing fee and the Placing Price) are fair and reasonable based on the current market conditions and are in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The maximum amount of net proceeds (after deducting all applicable costs and expenses, including commission and professional fees) of approximately HK\$3,265.91 million from the Placing of the Placing Shares is intended to be used for replenishment of working capital and general corporate purpose of the Company. The net price (after deducting all applicable costs and expenses, including commission and professional fees) raised per H Share upon completion of the Placing will be approximately HK\$7.78.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

At the second extraordinary general meeting for 2017 of the Company held on 5 December 2017, the resolutions in relation to the proposed initial public offering of no more than 485,000,000 A shares of the Company (the “**A Share Offering**”) were considered and approved. Details of the A Share Offering are set out in the circular of the Company dated 31 October 2017 and the announcement of the Company dated 16 October 2017. The Company is currently preparing for the A Share Offering in an orderly manner.

Save as disclosed above, there has not been any equity fund raising activity or any issue of equity securities of the Company in the 12 months preceding the date of this announcement.

APPLICATION FOR LISTING

Application will be made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Placing Shares on the Stock Exchange.

DEFINITIONS

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

“Beijing SASAC”	means the State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會)
“Board”	means the board of directors of the Company
“Business Day”	means any day (excluding a Saturday, Sunday and public holidays) on which licensed banks are open for business in Hong Kong and the Stock Exchange is open for trading of securities in Hong Kong
“CCASS”	means the Central Clearing and Settlement System operated by Hong Kong Securities Clearing Company Limited
“Closing Date”	means the later of: (a) the fifth Business Day after the date of the Placing Agreement; and (b) the next Business Day after the date on which the Conditions are satisfied, or any other earlier or later date as the Company and the Placing Agent may agree in writing

“Company”	means BAIC Motor Corporation Ltd. (北京汽車股份有限公司), a company limited by shares duly incorporated and validly existing under the laws of the PRC, whose H Shares are listed on the Stock Exchange (stock code: 1958)
“Conditions”	means the conditions to completion of the Placing set out in the Placing Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	means China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	means the director(s) of the Company
“Domestic Share(s)”	means ordinary share(s) in the Company’s share capital, with a nominal value of RMB1.00 each which are subscribed for and paid up in RMB
“Domestic Shareholder(s)”	means holders of Domestic Share(s)
“General Mandate”	the general mandate granted to the Board by the resolution of the Shareholders passed at the annual general meeting of the Company held on 23 June 2017 to, independently or simultaneously, allot, issue, and deal with the new Shares that shall not exceed 20% of Domestic Shares and/or overseas listed foreign invested shares (H Shares) of the Company, respectively as at the date of the passing of the relevant resolution
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	means overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which to be subscribed for and traded in HK dollars and listed on the Stock Exchange
“H Shareholder(s)”	means holders of H Share(s)
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended from time to time
“Placee(s)”	means any professional, institutional or other investor whom the Placing Agent has procured to subscribe for any of the Placing Shares pursuant to its obligations under the Placing Agreement
“Placing”	means the placing by or on behalf of the Placing Agent of the Placing Shares on the terms and subject to the conditions set out in the Placing Agreement

“Placing Agent”	means The Hongkong and Shanghai Banking Corporation Limited
“Placing Agreement”	means the placing agreement entered into on 25 April 2018 between the Company and the Placing Agent in respect of the Placing
“Placing Price”	means HK\$7.89 per Placing Share
“Placing Shares”	means 420,000,000 new H Shares, to be issued by the Company pursuant to the Placing Agreement
“PRC” or “China”	means The People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Securities Act”	means the United States Securities Act of 1933, as amended
“SFC”	means the Securities and Futures Commission of Hong Kong
“Shareholder(s)”	means the shareholder(s) of the Company
“Share(s)”	means Domestic Share(s) and H Share(s)
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	means percentage

By order of the Board
BAIC Motor Corporation Limited
Gu Xin
Secretary to the Board and Company Secretary

Beijing, the PRC, 25 April 2018

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 and Mr. Zhang Jianyong, as non-executive Directors; Mr. Chen Hongliang, as executive Director; Mr. Qiu Yinfu, Mr. Hubertus Troska, Mr. Bodo Uebber, Mr. Guo Xianpeng, Ms. Wang Jing and Mr. Zhu Baocheng, as non-executive Directors; and Mr. Ge Songlin, 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*