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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
PROPOSED DISPOSAL OF ASSETS TO OFF-ROAD VEHICLE
BRANCH OF BAIC GROUP

The Board hereby announces that on 30 October 2018, the Beijing Branch of the Company and the Off-road Vehicle Branch of BAIC Group, the sole controlling Shareholder of the Company, entered into the Asset Transfer Agreement, pursuant to which the Beijing Branch of the Company agreed to dispose of, and the Off-road Vehicle Branch of BAIC Group agreed to purchase, the Transferred Assets of the Beijing Branch of the Company at a consideration of RMB85,185,389.87.

As at the date of this announcement, BAIC Group is the sole controlling Shareholder of the Company and holds 42.63% of the total issued share capital of the Company, thus it is a connected person of the Company. Therefore, the transaction contemplated between the Beijing Branch of the Company and the Off-road Vehicle Branch of BAIC Group under the Asset Transfer Agreement constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Transaction is more than 0.1% but less than 5%, the Transaction is only subject to the reporting and announcement requirements, but exempted from independent Shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

INTRODUCTION

The Board hereby announces that on 30 October 2018, the Beijing Branch of the Company and the Off-road Vehicle Branch of BAIC Group, the sole controlling Shareholder of the Company, entered into the Asset Transfer Agreement, pursuant to which the Beijing Branch of the Company agreed to dispose of, and the Off-road Vehicle Branch of BAIC Group agreed to purchase, the Transferred Assets of the Beijing Branch of the Company at a consideration of RMB85,185,389.87.

ASSET TRANSFER AGREEMENT

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

- Parties:** Beijing Branch of the Company, as the Seller
Off-road Vehicle Branch of BAIC Group, as the Purchaser
- Date:** 30 October 2018
- Effective date:** The Asset Transfer Agreement shall come into force on the date when the responsible person(s) or authorised representative(s) of both parties sign and chop hereon and upon consideration and approval by internal and external authorities of both parties.
- Transferred Assets:** The scope of Transferred Assets is listed in the *Breakdown of Transferred Assets* attached as Annex I to the Agreement, which includes B stamping line and spare parts, relevant construction in progress and raw materials of Beijing Branch of the Company, etc.
- Consideration:** The consideration for the acquisition of the Transferred Assets by the Off-road Vehicle Branch of BAIC Group is RMB85,185,389.87 (inclusive of 16% VAT). The above price may be subject to adjustment pursuant to provisions in relation to closing conditions and closing as prescribed in the Asset Transfer Agreement.
- Such consideration was determined with reference to the appraised value of the Transferred Assets as at 31 October 2017, being RMB85,185,389.87, based on the cost approach as set out in the *Valuation Report regarding the Proposed Transfer of Certain Assets Project of BAIC Motor Corporation Limited* (Tianxingpingbaozi (2018) No. 0116) issued by PCAA on 8 March 2018 and approved by SASAC Beijing.

**Closing Conditions
and Closing:**

The Beijing Branch of the Company will hand over the Transferred Assets to the Off-road Vehicle Branch of BAIC Group at the current state and original place.

The Beijing Branch of the Company shall send the *Notice of Receipt of Transferred Assets* as set out in Annex II to the Agreement to the Off-road Vehicle Branch of BAIC Group, which shall complete the assets verification within one month upon receipt of the *Notice of Receipt of Transferred Assets*. The Off-road Vehicle Branch of BAIC Group shall be entitled to refuse to accept the assets that fail to meet the technical requirements. Upon completion of the assets verification, the authorised representatives of both parties shall sign the *Hand-over List of the Transferred Assets* as set out in Annex III to the Agreement. Both parties agreed to complete the closing of machinery, equipment and spare parts on 30 November 2018, as well as the closing of the working position apparatus as set out in Annex I to the Agreement on 31 December 2018.

The risk of damage or loss of the Transferred Assets shall be borne by the Off-road Vehicle Branch of BAIC Group from the date of completion of closing.

**Payment
Arrangements:**

The Off-road Vehicle Branch of BAIC Group shall pay the corresponding transfer consideration to the designated account of the Beijing Branch of the Company within three months subsequent to 31 December 2018.

If the Off-road Vehicle Branch of BAIC Group fails to pay the transfer consideration on time pursuant to the requirements of the preceding paragraph, it shall pay overdue interest to the Beijing Branch of the Company from the date of default payment of the transfer consideration at the one-year lending rate published by the People's Bank of China at the time of default on a daily basis and until the transfer consideration and interest are fully paid.

**Matters subsequent
to Closing:**

The Off-road Vehicle Branch of BAIC Group undertakes to complete the relocation of the Transferred Assets prior to 30 June 2019.

INFORMATION ON THE TRANSFERRED ASSETS

The Transferred Assets include B stamping line and spare parts, relevant construction in progress and raw materials of Beijing Branch of the Company, etc. The book value of the Transferred Assets as at 30 September 2018 is RMB72,615,776.92. According to valuation of the Transferred Assets as at 31 October 2017 based on the cost approach as set out in the valuation report issued by PCCA, the appraised value of the Transferred Assets as at 31 October 2017 is RMB85,185,389.87.

FINANCIAL EFFECT OF THE PROPOSED DISPOSAL OF THE TRANSFERRED ASSETS

According to the current information available to the Company, the Directors estimate that the gains of the Company generated from the proposed disposal of the Transferred Assets to BAIC Group will be approximately RMB0.82 million, which is estimated with reference to the book value of the Transferred Assets as at 30 September 2018, being RMB72,615,776.92, and the transfer consideration.

The sales proceeds of the Company from the proposed disposal of the Transferred Assets are intended to be used to supplement the Company's working capital.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company will carry out assets restructuring of the Beijing Branch to achieve a rational allocation and efficient use of the Company's existing production capacity. As the major production facilities of the Beijing Branch are proposed to be transferred to Beijing Benz Automotive Co., Ltd., the Company will transfer B stamping line and related spare parts to BAIC Group to maximize the use of assets not included in the transaction. The Transaction is conducive to effective utilisation of assets of the Group and will help enhance the overall economic benefits of the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BAIC Group is the sole controlling Shareholder of the Company and holds 42.63% of the total issued share capital of the Company, thus it is a connected person of the Company. Therefore, the transaction contemplated between Beijing Branch of the Company and Off-road Vehicle Branch of BAIC Group under the Asset Transfer Agreement constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Transaction is more than 0.1% but less than 5%, the Transaction is only subject to the reporting and announcement requirements, but exempted from independent Shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

OPINION OF THE DIRECTORS

The Directors (including the independent non-executive Directors) considered that (i) the terms and conditions of the Asset Transfer Agreement are fair and reasonable; (ii) the Transaction is on normal commercial terms; and (iii) the Transaction is in the interests of the Company and the Shareholders as a whole.

At the meeting of the Board where the Transaction was considered, since Mr. Xu Heyi, Ms. Shang Yuanxian and Mr. Yan Xiaolei, each a Director of the Company, also hold office in BAIC Group, all of them were deemed to have material interests in the Transaction and have abstained from voting on the resolution in relation to the Transaction. Save for the above persons, none of the other Directors has any interest in the Transaction.

GENERAL INFORMATION

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. It is engaged in the design, research and development, manufacturing and sales 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's demands for different types of vehicles.

Information on BAIC Group

BAIC Group is a state-owned enterprise established on 30 June 1994 with a registered capital of approximately RMB17.13 billion. Its principal businesses include manufacturing, sales, 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.

As at the date of this announcement, BAIC Group holds 42.63% of the total issued share capital of the Company and is the sole controlling shareholder of the Company.

DEFINITIONS

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

“Asset Transfer Agreement” or “Agreement”	the Asset Transfer Agreement entered into between the Company and BAIC Group on 30 October 2018, pursuant to which the Beijing Branch of the Company agreed to dispose of, and the Off-road Vehicle Branch of BAIC Group agreed to purchase the Transferred Assets of the Beijing Branch
“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 of the Company
“Company”	BAIC Motor Corporation Limited (北京汽車股份有限公司), a company limited by shares 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”	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

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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)
“PCAA”	Beijing Pan-China Assets Appraisal Co., Ltd. (北京天健興業資產評估有限公司)
“PRC”	The People’s Republic of China, for the purpose of this announcement only, excluding the Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC Beijing”	the State-Owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality
“Shareholder(s)”	the shareholder(s) of the Company
“Transferred Assets”	the subject matter of the Asset Transfer Agreement, including B stamping line and spare parts, relevant construction in progress and raw materials as listed in the Breakdown of Transferred Assets attached as Annex I to the Agreement
“Transaction”	the relevant transaction under the Asset Transfer Agreement entered into between the Beijing Branch of the Company and the Off-road Vehicle Branch of BAIC Group, which constitutes a connected transaction of the Company.
“%”	percentage

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

Beijing, the PRC, 30 October 2018

As at the date of this announcement, the Board comprises Mr. Xu Heyi, as Chairman of the Board and non-executive Director; Ms. Shang Yuanxian and Mr. Yan Xiaolei, as non-executive Directors; Mr. Chen Hongliang, as executive Director; Mr. Xie Wei, Mr. Qiu Yinfu, Mr. Hubertus Troska, Mr. Bodo Uebber, Ms. Jiao Ruifang and Mr. Lei Hai, 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*