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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)

**POSSIBLE CONNECTED TRANSACTION
DISPOSAL OF EQUITY INTEREST IN NATIONAL INNOVATION CENTER**

POSSIBLE DISPOSAL OF EQUITY INTEREST IN NATIONAL INNOVATION CENTER

The Company announces that the Company proposes to transfer equity interests in National Innovation Center held by the Company jointly with BJEV, Beiqi Foton and Hainachuan by public tender, to be quoted on CBEX. The Company proposes to dispose of the 12.02% equity interests in National Innovation Center held by the Company, while BJEV, Beiqi Foton and Hainachuan propose to dispose of the 12.38%, 12.02% and 7.21% equity interests in National Innovation Center held by them respectively through this transaction.

In accordance with the laws and regulations of the PRC concerning the disposal of state-controlled assets, the Company is a state-controlled listed company and the disposal of its state-controlled assets is required to be carried out publicly in the equity market. The Potential Disposal will be carried out through CBEX. According to the regulations of CBEX, the Potential Transferee is required to enter into the Equity Transaction Agreement with the Company, BJEV, Beiqi Foton and Hainachuan.

The listing price of the Potential Disposal will be no less than the value of equity interests in National Innovation Center held by the Company as calculated from the Valuation Report finally filed by BAIC Group. Shareholders should note that the consideration will depend on the final bid price.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BJEV, Beiqi Foton and Hainachuan are subsidiaries of BAIC Group (the controlling shareholder of the Company), and hence, are associates of BAIC Group, and therefore connected persons of the Company. As BJEV, Beiqi Foton and Hainachuan will jointly enter into the Equity Transaction Agreement with the Company in respect of the Potential Disposal after the Potential Transferee is determined, the Potential Disposal constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios of the Potential Disposal is more than 0.1%, but are all less than 5%, the Potential Disposal constitutes a connected transaction of the Company and the Company is therefore subject to the reporting and announcement requirements, but is exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, the Potential Disposal has not yet been finalised, the Potential Transferee is still uncertain, no Equity Transaction Agreement has been signed by the Company, and no arrangement on performance of any contract has been made. Therefore, the Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. The Company will make another announcement when the Equity Transaction Agreement is entered into in compliance with the Listing Rules.

INTRODUCTION

The Company announces that the Company proposes to transfer equity interests in National Innovation Center held by the Company jointly with BJEV, Beiqi Foton and Hainachuan by public tender, to be quoted on CBEX. The Company proposes to dispose of the 12.02% equity interests in National Innovation Center held by the Company, while BJEV, Beiqi Foton and Hainachuan propose to dispose of the 12.38%, 12.02% and 7.21% equity interests in National Innovation Center held by them respectively through this transaction.

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THE PUBLIC TENDER

Date and Procedures of the Public Tender

The Company intends to submit an announcement disclosing the equity transfer to the CBEX no later than the end of May 2022 after the publication of this announcement, and will perform relevant procedures in compliance with the rules and requirements of the CBEX.

Consideration

The listing price of the Potential Disposal is based on the equity interest value (i.e. 12.02% of RMB561,936,700, approximately RMB67,544,800) calculated from the Valuation Report issued by an asset valuer, namely Beijing Pan-China Assets Appraisal Co., Ltd.* (北京天健興業資產評估有限公司), in respect of the entire shareholders' equity of National Innovation Center as at 30 June 2021, being the base date for valuation. The appraisal results have not been approved by BAIC Group, and the final report is subject to the approval and filing by BAIC Group. The listing price of the Potential Disposal will be no less than the equity interest value calculated from the Valuation Report finally filed by BAIC Group.

Shareholders should note that the Transfer Price will depend on the final bid price.

The Equity Transaction Agreement

The Company will jointly enter the Equity Transaction Agreement with BJEV, Beiqi Foton and Hainachuan after the Potential Transferee is determined.

As at the date of this announcement, material information of the Equity Transaction Agreement including the Potential Transferee, Transfer Price, payment method, delivery and transfer time, etc. have not been determined. The Company will enter into the Equity Transaction Agreement upon confirmation of the Potential Transferee and undergo relevant approval procedures and comply with information disclosure obligations under the rules and requirements of the CBEX and the Hong Kong Stock Exchange. As at the date of this announcement, no agreement has been entered into between the Company and any other party in relation to the Potential Disposal.

GENERAL INFORMATION

Information on the Company

The Company was established in September 2010 and listed on the Main Board of the Hong Kong Stock Exchange in December 2014. 42.63% of equity interest in the Company is directly owned by BAIC Group, which is the controlling shareholder of the Company. 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.

Information on BAIC Group

Established in June 1994, BAIC Group is one of the main automobile manufacturing groups in China. BAIC Group is the controlling shareholder of the Company, and its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

Information on BJEV

BJEV was established in October 2009 and its direct controlling shareholder is BAIC BluePark New Energy Technology Co., Ltd.* (北汽藍谷新能源科技股份有限公司), which is listed on the Main Board of the Shanghai Stock Exchange. BJEV is mainly engaged in the production and sale of passenger electric vehicles. BJEV is a subsidiary of BAIC Group.

Information on Beiqi Foton

Established in August 1996 and listed on the Main Board of the Shanghai Stock Exchange, Beiqi Foton's principal business is the production and sale of commercial vehicles. Beiqi Foton is a subsidiary of BAIC Group.

Information on Hainachuan

Established in January 2008, Hainachuan's principal business is the manufacture and assembly of automotive parts and components. Hainachuan is a subsidiary of BAIC Group.

Information on National Innovation Center

National Innovation Center was established in November 2017. The principal businesses of National Innovation Center include technology development, technology transfer, technology consultation, technical services and technology promotion; engineering and technical research and experimental development; product design, industrial design services; sale of electrical equipment, automobiles, electronic products and auto parts; undertaking exhibition and presentation activities; economic and trade consultation; automobile decoration; software development; import and export of commodities and technology and acting as an import and export agency; technical testing, etc.

As at the date of this announcement, the Company, BJEV, Beiqi Foton and Hainachuan directly hold 12.02%, 12.38%, 12.02% and 7.21% of equity interests in National Innovation Center, respectively. In addition, BAIC Group holds 12.38% of equity interests in National Innovation Center.

As at 31 December 2021, the book value of the audited consolidated total assets of National Innovation Center was RMB1,161.39 million. The following table sets forth the financial information of National Innovation Center for the two years ended 31 December 2021 prepared in accordance with the China Accounting Standards for Business Enterprises:

	For the year ended 31 December 2020	For the year ended 31 December 2021
	<i>(RMB ten thousand)</i>	<i>(RMB ten thousand)</i>
	(Audited)	(Audited)
Net profit/(loss) before taxation	3,364.60	(4,968.76)
Net profit/(loss) after taxation	3,364.60	(4,968.76)

REASONS FOR AND BENEFITS OF THE POTENTIAL DISPOSAL

The reasons for and benefits of the Potential Disposal are as follows:

1. The Potential Disposal will support the Company to obtain proceeds and investment income.

The transfer of the equity interest in National Innovation Center will help the Company focus its resources on the Company's principal business areas and avoid the dispersion of resources, and also obtaining proceeds and generating a certain amount of investment gain.

2. The Company can continue to enjoy the scientific research achievements of National Innovation Center through BAIC Group.

Upon the completion of the transaction, BAIC Group still retains 12.38% of the equity interest. The Company can still establish a stable strategic cooperative relationship with National Innovation Center and access the technological and innovative achievements of National Innovation Center.

The Company intends to use the proceeds from the Potential Disposal for its daily production and operation.

OPINION OF THE DIRECTORS

The Directors of the Company (including the independent non-executive Directors) considered that (i) the terms and conditions of the Potential Disposal are fair and reasonable; (ii) the Potential Disposal is in the ordinary and usual course of business of the Company and on normal commercial terms; and (iii) the Potential Disposal is in the interests of the Company and its Shareholders as a whole.

Since Mr. Jiang Deyi, Mr. Liao Zhenbo, Mr. Chen Hongliang and Mr. Hu Hanjun, each being a Director, also holds office in BAIC Group and its subsidiaries, they are therefore considered to be materially interested in the Potential Disposal. In addition, as Mr. Hubertus Troska, Mr. Harald Emil Wilhelm, Mr. Gu Tiemin and Mr. Ye Qian, each being a Director, also holds office in Mercedes-Benz Group AG, Beijing State-owned Capital Operation and Management Company Limited* (北京國有資本運營管理有限公司) and Shougang Group, and these Shareholders directly hold shares in BJEV (and/or BAIC BluePark New Energy Technology Co., Ltd.* (北汽藍谷新能源科技股份有限公司), its wholly owning controlling shareholder) and Beiqi Foton, the relevant Directors are also considered to be materially interested in the Potential Disposal. As a result, each of Mr. Jiang Deyi, Mr. Liao Zhenbo, Mr. Chen Hongliang, Mr. Hu Hanjun, Mr. Hubertus Troska, Mr. Harald Emil Wilhelm, Mr. Gu Tiemin and Mr. Ye Qian has abstained from voting on the Board resolutions for approving the Potential Disposal. Save for the above persons, none of the other Directors has any interest in the Potential Disposal.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BJEV, Beiqi Foton and Hainachuan are subsidiaries of BAIC Group (the controlling shareholder of the Company), and hence, are associates of BAIC Group, and therefore connected persons of the Company. As BJEV, Beiqi Foton and Hainachuan will jointly enter into the Equity Transaction Agreement with the Company in respect of the Potential Disposal after the Potential Transferee is determined, the Potential Disposal constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios of the Potential Disposal is more than 0.1%, but are all less than 5%, the Potential Disposal constitutes a connected transaction of the Company and the Company is therefore subject to the reporting and announcement requirements, but is exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, the Potential Disposal has not yet been finalised, the Potential Transferee is still uncertain, no Equity Transaction Agreement has been signed by the Company, and no arrangement on performance of any contract has been made. Therefore, the Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. The Company will make another announcement when the Equity Transaction Agreement is entered into in compliance with the Listing Rules.

DEFINITIONS

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

“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
“Beiqi Foton”	Beiqi Foton Motor Co., Ltd.* (北汽福田汽車股份有限公司), a company limited by shares incorporated under the laws of the PRC, and a subsidiary of BAIC Group
“BJEV”	Beijing Electric Vehicle Co., Ltd.* (北京新能源汽車股份有限公司), a company limited by shares incorporated under the laws of the PRC, and a subsidiary of BAIC Group
“Board”	the board of Directors of the Company

“CBEX”	China Beijing Equity Exchange Co., Ltd.* (北京產權交易所有限公司), an institution authorised by the State-owned Assets Supervision and Administration Commission for transaction of assets and equity of state-owned enterprises
“Company”	BAIC Motor Corporation Limited* (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 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
“Equity Transaction Agreement”	the equity transaction agreement to be entered into between the Company, BJEV, Beiqi Foton, Hainachuan and the Potential Transferee in relation of the Potential Disposal
“Hainachuan”	Beijing Hainachuan Automobile Components Corporation Limited* (北京海納川汽車部件股份有限公司), a limited company limited by shares incorporated under the laws of the PRC, and a subsidiary of BAIC Group
“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
“National Innovation Center”	Beijing National New Energy Vehicle Technology Innovation Center Co., Ltd.* (北京國家新能源汽車技術創新中心有限公司), a limited liability company incorporated under the laws of the PRC
“Potential Disposal”	the potential disposal of the 12.02% equity interests in National Innovation Center by the Company through CBEX
“Potential Transferee”	the bidder that wins the bidding for the Potential Disposal through public tender
“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
“Transfer Price”	the final bid price of the 12.02% equity interests in National Innovation Center
“Valuation Report”	the Asset Appraisal Report issued by Beijing Pan-China Assets Appraisal Co., Ltd.* (北京天健興業資產評估有限公司), an asset valuer, in respect of the entire shareholders' equity of National Innovation Center as at 30 June 2021, being the base date for valuation
“%”	percentage

By Order of the Board
BAIC Motor Corporation Limited
Wang Jianhui
Secretary to the Board and Company Secretary

Beijing, the PRC, 27 April 2022

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