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If you are in doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in BAIC Motor Corporation Limited, you should at once hand this circular and the accompanying proxy form to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or transferee(s).



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)

**DISCLOSEABLE AND CONNECTED TRANSACTION –
SUBSCRIPTION OF
NEW A SHARES OF BAIC BLUEPARK
NOTICE OF EGM**

**Independent financial adviser to the Independent Board Committee and
the Independent Shareholders**



Gram Capital Limited
嘉林資本有限公司

A letter from the Board is set out on pages 4 to 15 of this circular.

The notice of the EGM to be held at 9:30 a.m. on Friday, 26 August 2022 at Multi-purpose Hall, 1st Floor, the South Tower of Beijing Automotive Industry Research and Development Base, No. 99 Shuanghe Street, Shunyi District, Beijing, the PRC are set out on pages 38 to 39 of this circular. The form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the HKExnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company.

Whether or not you propose to attend the EGM, holders of H Shares of the Company are requested to complete the enclosed form of proxy in accordance with the instruction printed thereon and return it to the Hong Kong Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and for holders of Domestic Shares, the form of proxy shall be returned to the Board of Directors' Office of the Company at Room 5-054, Tower A, Beijing Automotive Industry Research and Development Base, No. 99 Shuanghe Street, Shunyi District, Beijing, the PRC. The enclosed form of proxy shall be returned not later than 24 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person should you so wish at the EGM or any adjournment thereof if they so wish.

Reminder in relation to pandemic prevention and control: In view of the continuing risks of the COVID-19 outbreak, the Company will closely monitor the epidemic conditions and take appropriate precautionary measures in accordance with the relevant requirements on the epidemic prevention and control in Beijing. The Company particularly reminds its shareholders and participants who intend to attend the EGM to continue to pay attention to the latest development of the epidemic, adopt proper personal prevention measures and comply with the requirements on the epidemic prevention and control (including the relevant requirements on the epidemic prevention and control in Beijing) for their health and safety.

* For identification purpose only

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DEFINITIONS

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

“A Share Issuance”	the proposed non-public issuance by BAIC BluePark of up to 1,286,193,039 (inclusive) (representing approximately 30% of the total number of A Shares in issue as at the Latest Practicable Date) new A Shares to up to 35 target subscribers who meet conditions specified by the CSRC, including the Company and Bohai Automotive
“A Share(s)”	ordinary share(s) of RMB1.00 each of BAIC BluePark which are listed on the Shanghai Stock Exchange and traded in RMB
“Announcement”	the announcement of the Company dated 15 July 2022 in relation to the Subscription of new A Shares to be issued under the A Share Issuance
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“BAIC BluePark”	BAIC BluePark New Energy Technology Co., Ltd.* (北汽藍谷新能源科技股份有限公司), a company limited by shares incorporated under the laws of the PRC, whose A Shares are listed on the SSE
“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
“BAIC Guangzhou”	BAIC Guangzhou Automotive Co., Ltd.* (北汽(廣州)汽車有限公司), a limited liability company incorporated under the laws of the PRC as well as a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Bohai Automotive”	Bohai Automotive Systems Co., Ltd.* (渤海汽車系統股份有限公司), a company limited by shares incorporated under the laws of the PRC, whose A shares are listed on the SSE
“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

DEFINITIONS

“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary shares in the Company’s share capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“EGM”	the 2022 first extraordinary general meeting of the Company to be convened and held for, among other things, consideration and (if thought fit) approval of the Subscription
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), who has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Share Subscription Agreement and the transaction contemplated thereunder
“H Shares”	means overseas-listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which is/are subscribed for and traded in HK dollars and listed on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely, Mr. Ge Songlin, Ms. Yin Yuanping, Mr. Xu Xiangyang, Mr. Tang Jun and Mr. Edmund Sit, which was established to advise the Independent Shareholders in relation to the Share Subscription Agreement and the Subscription contemplated thereunder
“Independent Shareholders”	Shareholders who are not required to abstain from voting on the resolution to be proposed at the EGM in relation to the Share Subscription Agreement and the Subscription contemplated thereunder

DEFINITIONS

“Latest Practicable Date”	1 August 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Share Subscription Agreement”	the conditional agreement for subscription under the non-public issuance dated 15 July 2022 entered into between the Company and BAIC BluePark, in relation to the Subscription
“SSE”	the Shanghai Stock Exchange
“Subscription”	the subscription by the Company of new A Shares to be issued under the A Share Issuance
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	percent

Certain amounts and percentage figures in this circular 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.

LETTER FROM THE BOARD



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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)

Directors:

Name

Mr. Chen Wei

Mr. Chen Hongliang

Mr. Hu Hanjun

Mr. Huang Wenbing

Mr. Zhang Guofu

Mr. Ye Qian

Mr. Hubertus Troska

Mr. Harald Emil Wilhelm

Mr. Gu Tiemin

Mr. Sun Li

Mr. Ge Songlin

Ms. Yin Yuanping

Mr. Xu Xiangyang

Mr. Tang Jun

Mr. Edmund Sit

Position

Chairman of the Board and

Non-executive Director

Non-executive Director

Non-executive Director

Executive Director

Executive Director

Non-executive Director

Non-executive Director

Non-executive Director

Non-executive Director

Independent non-executive Director

Independent non-executive Director

Independent non-executive Director

Independent non-executive Director

Independent non-executive Director

Independent non-executive Director

Registered Address:

A5-061, Unit 101

5th Floor, Building No.1

Courtyard No. 99

Shuanghe Street

Shunyi District

Beijing 101300

the PRC

Headquarter:

No. 99 Shuanghe Street

Shunyi District

Beijing 101300

the PRC

*Principal place of
business in Hong Kong:*

31/F, Tower Two

Times Square

1 Matheson Street

Causeway Bay

Hong Kong

To the Shareholders

**DISCLOSEABLE AND CONNECTED TRANSACTION –
SUBSCRIPTION OF
NEW A SHARES OF BAIC BLUEPARK
NOTICE OF EGM**

I. INTRODUCTION

Reference is made to the Announcement regarding, among other things, the Subscription.

The purpose of this circular is to provide you with, among other things, (i) further information regarding the Share Subscription Agreement and the Subscription; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Subscription; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the Subscription; and (iv) notice of the EGM.

* For identification purpose only

LETTER FROM THE BOARD

II. SHARE SUBSCRIPTION AGREEMENT

As disclosed in the Announcement, on 15 July 2022, the Company and BAIC BluePark, an A-share listed subsidiary of BAIC Group, which is the sole controlling shareholder of the Company, entered into the Share Subscription Agreement, pursuant to which BAIC BluePark conditionally agrees to issue to the Company, and the Company conditionally agrees to subscribe for, not less than 35.99% of the total number of new A Shares actually issued under the A Share Issuance. The subscription price per new A Share shall be determined in accordance with the pricing principle in respect of the A Share Issuance and the total subscription amount payable by the Company shall not exceed RMB2,878.8829 million. On the same day, Bohai Automotive, a subsidiary of BAIC Group, entered into a share subscription agreement with BAIC BluePark, for the subscription of not less than 3.01% of the total number of new A Shares actually issued under the A Share Issuance at the same subscription price and under the same terms as those agreed with the Company, and the total subscription amount payable by Bohai Automotive shall not exceed RMB241.0517 million.

The principal terms of the Share Subscription Agreement are as follows:

Parties:	The Company (as the subscriber) BAIC BluePark (as the issuer)
Date:	15 July 2022
Effective date and conditions precedent:	The Subscription is conditional upon the satisfaction of the following conditions: (1) the board of directors of BAIC BluePark passes a resolution to approve the A Share Issuance; (2) the shareholders of BAIC BluePark passes a resolution at a general meeting to approve the A Share Issuance; (3) the Board and the Shareholders approve the Subscription by way of a board meeting and general meeting, respectively; (4) the Company obtains clearance from the Hong Kong Stock Exchange with respect to this circular for the Subscription; (5) the competent state-owned assets supervision and management authorities or organizations authorised by them approve the A Share Issuance; and (6) approval of or the consent to the registration from the CSRC for the A Share Issuance.

LETTER FROM THE BOARD

When the trading price of the shares of BAIC BluePark has been lower than the latest audited net asset value per A share of BAIC BluePark for 20 consecutive trading days, BAIC BluePark shall obtain the consent of the Company if it intends to initiate the A Share Issuance pursuant to the Share Subscription Agreement. In such circumstances, the Company will enter into friendly negotiations with BAIC BluePark as to when and whether to commence the A Share Issuance.

Subscription price, basis of pricing and maximum subscription amount:

Pursuant to the Share Subscription Agreement, the total subscription amount payable by the Company shall not exceed RMB2,878.8829 million and the issue price shall not be less than: (i) 80% of the average trading price of shares of BAIC BluePark for 20 trading days prior to the first day of the offer period of the A Share Issuance (the “**Pricing Benchmark Date**”) (excluding the Pricing Benchmark Date); and (ii) the latest audited net asset value per share of BAIC BluePark prior to the offer period (the “**Reserve Offer Price**”).

BAIC BluePark intends to raise a total amount of not more than RMB8 billion (inclusive) through the A Share Issuance. BAIC BluePark proposes to subscribe to the Company for not less than 35.99% of the actual number of new A Shares to be issued under the A Share Issuance at a subscription amount of not more than RMB2,878.8829 million. The minimum number of A Shares to be subscribed by the Company under the A Share Issuance (i.e. 35.99% of the actual number of new A Shares to be issued under the A Share Issuance) is proposed and offered by BAIC BluePark. The maximum subscription amount is RMB2,878.8829 million, representing 35.99% of the maximum amount of funds to be raised by BAIC BluePark in the A Share Issuance.

Having considered the reasons disclosed in the section headed “V. REASONS FOR AND BENEFITS OF THE TRANSACTION”, the Directors are of the view that the Subscription is in the interests of the Company and the Shareholders as a whole and decided to accept the proposal of BAIC BluePark to subscribe for new A Shares of not less than 35.99% of the actual number of shares issued under the A Share Issuance at a subscription amount not exceeding RMB2,878.8829 million.

LETTER FROM THE BOARD

The final issue price will be determined after BAIC BluePark obtains the approval of or the consent to the registration from the CSRC for the A Share Issuance and through negotiation between BAIC BluePark and its sponsor (lead underwriter) in accordance with the Implementing Rules for Non-public Issuance of Shares by Listed Companies (《上市公司非公开发行股票实施细则》) (the “**Implementing Rules**”), having regard to the quotations offered by target subscribers.

In accordance with the requirements under the Implementing Rules, the Company shall not participate in the pricing process for the A Share Issuance, and shall subscribe for new A Shares at the same price as other subscribers. If there is no quotation or valid quotation for the A Share Issuance, the Company shall subscribe for new A Shares to be issued under the A Share Issuance at the aforesaid Reserve Offer Price.

During the period from the Pricing Benchmark Date to the completion of the offer period, if there are any ex-rights or ex-dividends events of BAIC BluePark, such as distribution of dividends, bonus shares or capitalisation issue, the issue price of the A Share Issuance will be adjusted in accordance with relevant rules promulgated by the CSRC and the SSE.

**Number of new A Shares
to be subscribed for:**

BAIC BluePark proposes to non-publicly issue up to 1,286,193,039 (inclusive) (representing approximately 30% of the total number of A Shares in issue as at the Latest Practicable Date) new A Shares to specific target subscribers. Pursuant to the Share Subscription Agreement, the Company shall subscribe for not less than 35.99% of the new A Shares actually issued under the A Share Issuance, at a total subscription amount of up to RMB2,878.8829 million.

The actual number of A Shares to be subscribed by the Company under the A Share Issuance is to be determined by the actual subscription amount of the Company divided by the final issue price of the A Shares.

LETTER FROM THE BOARD

The actual subscription amount of the Company and the final issue price will be determined by BAIC BluePark after BAIC BluePark obtains the approval of or the consent to the registration from the CSRC for the A Share Issuance through negotiation between BAIC BluePark and its sponsor (lead underwriter) in accordance with the Implementing Rules. The price of the new A shares will be determined by negotiation after taking into account the quotation of the target issuers and the prevailing market conditions. The Company will accept such pricing result and subscribe for the new A Shares at the same issue price as other issue targets, which will be determined during the issue stage.

If bonus issue, conversion of capital reserve into share capital and other ex-rights matters of BAIC BluePark occur during the period from the Pricing Benchmark Date to the completion of the offer period, the number of A Shares to be issued under the A Share Issuance shall be correspondingly adjusted in accordance with relevant rules of the CSRC and the SSE.

If the CSRC adjusts the number of A Shares to be issued under for the A Share Issuance, BAIC BluePark has the right to unilaterally adjust the number of new A Shares to be subscribed for by the Company, but the amount of subscription to be paid by the Company after the adjustment shall not exceed RMB2,878.8829 million.

Payment arrangements:

After the approval of or the consent to the registration from the CSRC for the A Shares Issuance is obtained, subject to relevant requirements of the Share Subscription Agreement, the Company shall, within five working days following the receipt of the payment notice sent by BAIC BluePark and the lead underwriter of the A Share Issuance, make a cash lump-sum payment of the total subscription price to the bank account specially opened by the lead underwriter for the A Share Issuance.

LETTER FROM THE BOARD

After payment of the subscription price by the Company in accordance with relevant rules and requirements on the A Share Issuance, BAIC BluePark shall, according to the offer results, amend its current articles of association in a timely manner, and complete the relevant procedures for registration of changes with the relevant authority of BAIC BluePark; and shall apply to the SSE and the Shanghai Branch of China Securities Depository and Clearing Corporation Limited for the registration of the Subscription for the Company, in a timely manner.

The accumulated undistributed profits of BAIC BluePark prior to the A Share Issuance shall be shared among new and existing shareholders of BAIC BluePark who appear as such upon the completion of the issuance.

Lock-up period:

The new A Shares to be issued under the A Share Issuance and subscribed for by the Company shall not be transferred within 36 months following the completion of the A Share Issuance. If there are subsequent changes in relevant laws, regulations, and normative documents of the securities regulatory authorities, the lock-up period will be adjusted accordingly.

III. INFORMATION ON BAIC BLUEPARK

BAIC BluePark, whose A Shares are listed on the SSE, is a subsidiary of BAIC Group, which is the controlling shareholder of the Company. The major businesses of BAIC BluePark include research and development, design, sales of automobiles, auto parts, mechanical equipment, electrical equipment and parts processing equipment; automobile decoration; technical development, service and consultation, and transfer of technology; advertising design, production, agency and publication; economic and trade consultation; property management; import and export of goods and technology, and agency service for import and export. As at the Latest Practicable Date, BAIC Group, BAIC Guangzhou and Bohai Automotive directly hold 1,274,778,438, 268,054,522 and 129,182,912 A Shares, accounting for approximately 29.73%, 6.25% and 3.01% of the total existing issued A Shares of BAIC BluePark, respectively.

As at 31 December 2021, the book value of audited consolidated total assets of BAIC BluePark was RMB39,080.8832 million, and the book value of owner's equity attributable to the parent company was RMB11,121.4549 million. The following table sets forth the financial information of BAIC BluePark for the two years ended 31 December 2021 prepared in accordance with the China Accounting Standards for Business Enterprises:

LETTER FROM THE BOARD

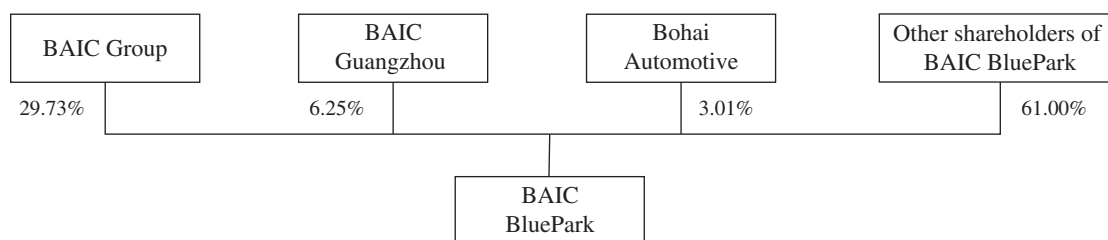
	For the year ended 31 December 2020 <i>(RMB10,000)</i> (Audited)	For the year ended 31 December 2021 <i>(RMB10,000)</i> (Audited)
Net profit/(loss) before taxation and non-recurring items	(656,140.83)	(517,987.01)
Net profit/(loss) after taxation and non-recurring items	(664,017.91)	(546,964.45)

Note: Non-recurring profit or loss items were calculated according to the requirements of the CSRC and relevant regulatory authorities and mainly include government grants (except government grants which are closely related to the Company's normal operations, meet the national policies and regulations, and are continuously obtained), profit or loss from disposal of non-current assets, profit or loss from investment or asset management by other persons engaged, current net profit or loss of subsidiaries recognised from business combinations involving enterprises under common control, other non-operating income and expenditures, and corresponding income tax impacts.

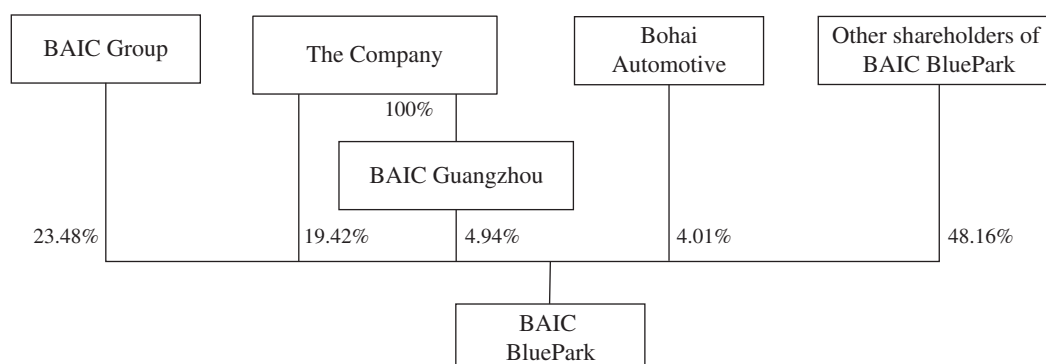
IV. SHAREHOLDING STRUCTURE OF BAIC BLUEPARK PRIOR TO AND UPON THE COMPLETION OF THE SUBSCRIPTION

The shareholding structure of BAIC BluePark as at the Latest Practicable Date and the largest possible shareholding percentages of the Company, BAIC Guangzhou, BAIC Group and Bohai Automotive, a subsidiary of BAIC Group, in BAIC BluePark upon completion of the A Share Issuance are set out as below:

As at the Latest Practicable Date:



Upon completion of the A Share Issuance⁽ⁱ⁾:



LETTER FROM THE BOARD

- (i) *Assuming that there is no quotation or valid quotation for the A Share Issuance, the total subscription amount payable by the Company and Bohai Automotive are RMB2,878.8829 million and RMB241.0517 million, respectively, and the lowest subscription price of the Reserve Offer Price for the A Share Issuance is RMB2.73 per new A Share (being the audited net asset value per share of BAIC BluePark as at 31 December 2021), the number of new A Shares issued under the A Share Issuance to be subscribed by the Company and Bohai Automotive will be not more than 1,054.5359 million and 88.2973 million A Shares, accounting for approximately 19.42% and 4.01% of the enlarged total issued A Shares of BAIC BluePark, respectively, upon the completion of the Subscription.*

Pursuant to the Share Subscription Agreement, upon the completion of the Subscription, the Company and BAIC Guangzhou shall in aggregate hold not less than 6.25%, and not more than 24.36% (assuming the subscription price for the A Share Issuance is RMB2.73 per A Share, being the audited net asset value per share of BAIC BluePark as at 31 December 2021) of the enlarged total issued A Shares.

V. REASONS FOR AND BENEFITS OF THE TRANSACTION

- (1) Driven by economic transformation and upgrading, consumer demand, carbon peaking and carbon neutrality targets and double credit requirements, the rapid increase in penetration of new energy vehicle and the continuous expansion of industrial scale have become the inevitable trend of upgrading the automotive industry in recent years. The New Energy Vehicle Industry Development Plan (2021–2025) issued by the General Office of the State Council stated that the sales volume of new energy vehicles will account for 20% of the aggregate new vehicle sales volume by 2025, and new energy vehicles will become the mainstream of new vehicle models sold by 2035. Participation in the new energy vehicle industry has become the investment consensus and strategic direction of automobile enterprises at the current stage.
- (2) After years of development, BAIC BluePark has become a domestic new energy vehicle enterprise that master the core battery, motor and electric control technologies and integrated matching control technology of electric vehicles, and possess a large asset base, comprehensive industrial chain, rich product lines and wide product market applications, and has business strength.
- (3) The proceeds from the A Share Issuance are proposed to be invested in projects such as development in skateboard chassis for scenario-oriented products, including the upgrading and development, R&D and establishment of core technology of whole vehicle products of brands including Arcfox, and the replenishment of working capital. The relevant investment projects are in line with industrial policy and national strategic orientation, which are expected to enhance the business and product competitiveness of BAIC BluePark, and bring return on investment and increase in shareholders' equities (including the Company's interest in BAIC BluePark).
- (4) The Company has strategic cooperation with BAIC BluePark in product research and development, production, marketing and other business fields, while owning a 6.25% of the total existing A Shares. Through participation in the A Share Issuance, the Company can prevent the dilution of its shareholding in BAIC

LETTER FROM THE BOARD

BluePark, while further deepening the cooperation relationship between the Company and BAIC BluePark through holding increased shareholding, broadening cooperation fields, saving investment costs of the Company in new energy fields and sharing development dividends in new energy fields.

- (5) Despite the broad development prospects of new energy vehicle and the considerable policy support, major domestic new energy vehicle enterprises are generally suffering losses due to the factors such as requirement for improvement in the current scale of production and marketing, the continuous reduction in subsidies for new energy vehicles, the rise in price of raw materials, and the structural tightening of supply chain, based on the aforesaid analysis, the Company has reasonable expectations for the improvement in the medium and long-term profitability of competitive new energy vehicle enterprises.

VI. 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. The Company is engaged in the design, research and development, manufacture and sales of an extensive and diversified portfolio of passenger vehicle models, and it also provides related services in the PRC. The Company offers a variety of passenger vehicle models, including mid-to-large-sized sedan, mid-sized sedan, compact sedan, small-sized sedan, SUV, MPV and CUV products to satisfy customer demands for different types of vehicles.

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.

VII. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, BAIC BluePark is a subsidiary of BAIC Group (the sole controlling shareholder of the Company) and is therefore an associate of BAIC Group and, hence, a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios in relation to the Subscription is more than 5% but are all less than 25%, the Subscription constitutes a discloseable and connected transaction of the Company and is therefore subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

LETTER FROM THE BOARD

Since Mr. Chen Wei, Mr. Chen Hongliang, Mr. Hu Hanjun and Mr. Zhang Guofu, each being a Director, also hold office in BAIC Group and/or its subsidiaries, they are therefore considered to be materially interested in the Subscription. In addition, considering that each of Mercedes-Benz Group AG and Beijing Energy Group Co., Ltd. (北京能源集團有限責任公司), each being a Shareholder indirectly holds A Shares, the Directors designated by them, namely Mr. Hubertus Troska, Mr. Harald Emil Wilhelm and Mr. Sun Li, are also considered to be materially interested in the Subscription. As a result, each of Mr. Chen Wei, Mr. Chen Hongliang, Mr. Hu Hanjun, Mr. Zhang Guofu, Mr. Hubertus Troska, Mr. Harald Emil Wilhelm and Mr. Sun Li has abstained from voting on the Board resolutions for approving the Subscription. Save for the above persons, none of the other Directors has any interest in the Subscription.

VIII. VOTES BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, the resolution set out in the notices of the EGM shall be voted by poll. Votes may be given either in person or by proxy. Results of the poll voting will be posted on the HKEXnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company after the conclusion of the EGM.

In accordance with the Listing Rules, BAIC Group, Mercedes-Benz Group AG, Beijing Industrial Development Investment Management Co., Ltd. (北京工業發展投資管理有限公司) and Beijing Energy Group Co., Ltd. (北京能源集團有限責任公司), each being a shareholder of the Company, indirectly holds shares in BAIC BluePark, and therefore are deemed to have material interests in the Subscription. Therefore, BAIC Group, Mercedes-Benz Group AG, Beijing Industrial Development Investment Management Co., Ltd. (北京工業發展投資管理有限公司) and Beijing Energy Group Co., Ltd. (北京能源集團有限責任公司) and their respective associates are required to abstain from voting on the resolution in relation to the Subscription at the EGM. As at the Latest Practicable Date, BAIC Group, Mercedes-Benz Group AG, Beijing Industrial Development Investment Management Co., Ltd. (北京工業發展投資管理有限公司) and Beijing Energy Group Co., Ltd. (北京能源集團有限責任公司) and their respective associates, directly and indirectly, held 3,416,659,700 Domestic Shares, 765,818,200 H Shares, 50,107,600 Domestic Shares and 260,936,900 Domestic Shares (representing approximately 42.63%, 9.55%, 0.63% and 3.26% of the total issued share capital of the Company), respectively.

To the best knowledge of the Directors and having made all reasonable enquiries, save for the above Shareholders and their respective associates, no other Shareholders have material interests in the Subscription and are required to abstain from voting on such resolution to be proposed at the EGM.

LETTER FROM THE BOARD

IX. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out in this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Share Subscription Agreement and the transaction contemplated thereunder; and (ii) letter from Gram Capital set out in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders on the Share Subscription Agreement and the Subscription contemplated thereunder, as well as the principal factors and reasons taken into account by Gram Capital in arriving at its advice.

The Directors (excluding the independent non-executive Directors, whose opinions are given in the letter from the Independent Board Committee contained in this circular) are of the view that while the Subscription is not conducted in the ordinary and usual course of business, the terms and conditions of the Share Subscription Agreement are on normal commercial terms or better terms, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

X. THE EGM

The EGM will be held at 9:30 a.m. on Friday, 26 August 2022 at Multi-purpose Hall, 1st Floor, the South Tower of Beijing Automotive Industry Research and Development Base, No. 99 Shuanghe Street, Shunyi District, Beijing, the PRC. The notice of the EGM together with the form of proxy applicable to the EGM has been published on the HKEXnews website and the website of the Company.

Whether you wish to attend the EGM or not, holders of H Shares of the Company are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; and for holders of Domestic Shares, the form of proxy shall be returned to the Board of Directors' Office at Room 5-054, Tower A, Beijing Automotive Industry Research and Development Base, No. 99 Shuanghe Street, Shunyi District, Beijing, the PRC as soon as possible but in any event not later than 24 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form(s) of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

LETTER FROM THE BOARD

XI. CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlements of the Shareholders to attend the EGM, the register of members of the Company will be closed from Tuesday, 23 August 2022 to Friday, 26 August 2022 (both days inclusive), during which period no transfer of H Shares will be effected. To be eligible to attend and vote at the EGM, all transfer documents must be lodged with the H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H Shares of the Company no later than 4:30 p.m. on Monday, 22 August 2022, or China Securities Depository and Clearing Corporation Limited at 23 Floor, Shenzhen Stock Exchange Square, Futian District, Shenzhen, Guangzhou, the PRC for holders of Domestic Shares of the Company no later than 4:00 p.m. on Monday, 22 August 2022.

By Order of the Board
BAIC Motor Corporation Limited
Chen Wei
Chairman of the Board

8 August 2022



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)

8 August 2022

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION –
SUBSCRIPTION OF
NEW A SHARES OF BAIC BLUEPARK**

We refer to the circular of the Company dated 8 August 2022 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context otherwise requires.

We have been appointed by the Board to advise the Independent Shareholders as to whether the Share Subscription Agreement and the transaction contemplated thereunder are entered into in accordance with normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Share Subscription Agreement and the transaction contemplated thereunder are entered into in accordance with normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. The text of the letter of advice from Gram Capital containing their recommendations and the principal factors they have taken into account in arriving at their recommendations is set out on pages 18 to 32 of this Circular.

Independent Shareholders are recommended to read the letter of advice from Gram Capital, the letter from the Board contained in the Circular as well as the additional information set out in the Appendix I to the Circular.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms and conditions of the Share Subscription Agreement and the transaction contemplated thereunder, the interests of the Independent Shareholders and the advice of Gram Capital, we are of the opinion that while the entering into of the Share Subscription Agreement is not in the ordinary and usual course of business of the Company, the Share Subscription Agreement was entered into after arm's length negotiation and are on normal commercial terms, and the terms of the transaction contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favor of the relevant resolution to be proposed at the EGM to approve the Share Subscription Agreement and the transaction contemplated thereunder.

Yours faithfully,
For and on behalf of
Independent Board Committee

Mr. Ge Songlin
*Independent Non-executive
Director*

Ms. Yin Yuanping
*Independent Non-executive
Director*

Mr. Xu Xiangyang
*Independent Non-executive
Director*

Mr. Tang Jun
Independent Non-executive Director

Mr. Edmund Sit
Independent Non-executive Director

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

8 August 2022

*To: The independent board committee and the independent shareholders
of BAIC Motor Corporation Ltd.**

Dear Sir/ Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF A SHARES OF BAIC BLUEPARK

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 8 August 2022 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 15 July 2022 (the “**Agreement Date**”), the Company and BAIC BluePark entered into the Share Subscription Agreement, pursuant to which BAIC BluePark conditionally agreed to issue to the Company, and the Company conditionally agreed to subscribe for, not less than 35.99% of the total number of new A shares (“**BluePark A Share(s)**”) to be issued under the A Share Issuance. The subscription price per A share (the “**Subscription Price**”) shall be determined in accordance with the pricing principle in respect of the A Share Issuance and the total subscription amount of the Company shall not exceed RMB2,878.8829 million.

With reference to the Board Letter, the Subscription constitutes discloseable and connected transaction of the Company and is therefore subject to the reporting, announcement, circular and independent Shareholders’ approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Ge Songlin, Ms. Yin Yuanping, Mr. Xu Xiangyang, Mr. Tang Jun and Mr. Edmund Sit (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Subscription are on normal commercial terms and are fair and reasonable; (ii) whether the Subscription is in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve

LETTER FROM GRAM CAPITAL

the the Subscription at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as independent financial adviser in respect of (i) a transaction of the Company which was not proceeded (our term of this engagement ended on 20 January 2022); and (ii) the major and continuing connected transactions of the Company, details of which are set out in the Company's circular dated 27 May 2022. Save for the aforesaid engagements, there was no other service provided by Gram Capital to the Company during the past two years immediately preceding the Latest Practicable Date.

Notwithstanding the aforesaid engagement, we were not aware of any relationship or interest between Gram Capital and the Company or any other parties during the past two years immediately preceding the Latest Practicable Date that could be reasonably regarded as a hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

Having considered the above and that none of the circumstances as set out under Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date, we are of the view that we are independent to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Subscription. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

LETTER FROM GRAM CAPITAL

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, BAIC Group, BAIC BluePark or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Subscription. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Subscription, we have taken into consideration the following principal factors and reasons:

Background of the Subscription

Information on the Group

With reference to the Board Letter, the Company is a company limited by shares incorporated in the PRC. It is a leading manufacturer of passenger vehicles in the PRC. The Company is engaged in the design, research and development, manufacture and sales of an extensive and diversified portfolio of passenger vehicle models, and the provision of related services in the PRC. The Company 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.

LETTER FROM GRAM CAPITAL

Set out below is a summary of the audited consolidated financial information of the Group for the two years ended 31 December 2021 as extracted from the Company's annual report for the year ended 31 December 2021 (the "2021 Annual Report"):

	For the year ended 31 December 2021	For the year ended 31 December 2020	Change from 2020 to 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
Revenue	175,915,687	176,973,004	(0.60)
Gross profit	37,643,235	42,139,943	(10.67)
Profit for the year	15,151,479	12,955,151	16.95
	As at 31 December 2021	As at 31 December 2020	Change from 2020 to 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
Cash and cash equivalents	40,968,622	48,146,250	(14.91)

As illustrated in the above table, the Group's revenue and gross profit for year ended 31 December 2021 ("FY2021") decreased by approximately 0.60% and approximately 10.67% respectively as compared to those for the year ended 31 December 2020 ("FY2020"). With reference to the 2021 Annual Report, the aforesaid decrease in revenue was mainly attributable to the decrease in revenue from Beijing Benz (a major brand of the Company) as partially offset by increase in revenue from Beijing Brand (a major brand of the Company). As advised by the Management, the aforesaid (i) decrease in revenue from Beijing Benz was mainly due to decrease in overall sales volume as a result of the adverse impact of chip shortage and COVID-19 pandemic, the impact of which was partially offset by increase in sales proportion of relatively higher-priced models as a result of their increasing popularity; and (ii) increase in revenue from Beijing Brand was mainly due to increase in sales proportion of relatively higher-priced models as a result of their increasing popularity. The aforesaid decrease in gross profit was mainly attributable to decrease in the gross profit of Beijing Benz and increase in the gross loss of Beijing Brand as a result of the overall decrease in sales volume and the increase in raw material costs.

Despite the aforesaid decrease in the Group's revenue and gross profit, the Group's profit for FY2021 increased by approximately 16.95% as compared to that for FY2020. With reference to the 2021 Annual Report, the aforesaid increase in profit was mainly attributable to decrease in (i) selling and distribution expenses; (ii) general and administrative expenses; (iii) net impairment losses on financial assets; (iv) share of loss of investments accounted for using equity method; and (v) turnaround from other net losses for FY2020 to other net gains for FY2021.

LETTER FROM GRAM CAPITAL

With reference to the 2021 Annual Report, the Group will focus on achieving “double improvements” in market scale and development quality, accelerating the strategic transformation and product iteration, pushing for deeper reforms and improving operational capabilities.

Information on BAIC BluePark

With reference to the Board Letter, BAIC BluePark, whose A shares are listed in the SSE, is a subsidiary of BAIC Group, which is the controlling shareholder of the Company. The major businesses of BAIC BluePark include research and development, design and sales of automobiles, auto parts, mechanical equipment, electrical equipment and parts processing equipment; automobile decoration; technical development, service and consultation, and transfer of technology; advertising design, production, agency and publication; economic and trade consultation; property management; import and export of goods and technology, and agency service for import and export.

As at the Latest Practicable Date, BAIC Group, BAIC Guangzhou (a wholly-owned subsidiary of the Company) and Bohai Automotive (the controlling shareholder of Bohai Automotive is BAIC Group) directly holds 1,274,778,438, 268,054,522 and 129,182,912 BluePark A Shares, accounting for approximately 29.73%, 6.25% and 3.01% of the total existing issued shares of BAIC BluePark, respectively.

Set out below is a summary of the audited consolidated financial information of BAIC BluePark and its subsidiaries (the “**BAIC BluePark Group**”) for the two years ended 31 December 2021 as extracted from BAIC BluePark’s annual report for FY2021 (the “**2021 BAIC BluePark Annual Report**”):

	For the year ended 31 December 2021 RMB	For the year ended 31 December 2020 RMB	Change from FY2020 to FY2021 %
Total operating income	8,696,826,071.34	5,272,466,220.56	64.95
Total loss	(5,179,870,082.62)	(6,561,408,264.94)	(21.06)
Net loss	(5,169,879,620.70)	(6,476,399,870.37)	(20.17)
Net loss excluding non-recurring profit or loss items (<i>Note</i>)	(5,543,545,822.83)	(6,646,219,452.17)	(16.59)

Note: Non-recurring profit or loss items were calculated according to the requirements of the CSRC and relevant regulatory authorities and mainly include government grants (except government grants which are closely related to the Company’s normal operations, meet the national policies and regulations, and are continuously obtained), profit or loss from disposal of non-current assets, profit or loss from investment or asset management by other persons engaged, current net profit or loss of subsidiaries recognised from business combinations involving enterprises under common control, other non-operating income and expenditures, and corresponding income tax impacts.

LETTER FROM GRAM CAPITAL

As illustrated in the above table, the BAIC BluePark Group's total operating income increased from approximately RMB5.3 billion for FY2020 to approximately RMB8.7 billion for FY2021, representing an increase of approximately 64.95%. With reference to the 2021 BAIC BluePark Annual Report, such increase was mainly attributable to increase in revenue from production of automobiles.

The BAIC BluePark's Group's net loss after taxation decreased from approximately RMB6.5 billion for FY2020 to approximately RMB5.2 billion for FY2021, representing a decrease of approximately 20.17%. We noted from the 2021 BAIC BluePark Annual Report that such decrease was mainly attributable to (i) increase in total operating income; (ii) increase in other income and investment income; (iii) reversal of credit impairment; (iv) decrease in taxation, as partially offset by (i) increase in selling expenses; (ii) increase in research and development costs; and (iii) increase in asset impairment.

The BAIC BluePark Group's net loss excluding non-recurring profit or loss items decreased from approximately RMB6.6 billion for FY2020 to approximately RMB5.5 billion for FY2021, representing a decrease of approximately 16.59%. Such decrease was mainly attributable to the factors stated in the above paragraph, excluding the effects of changes in non-recurring profit or loss items.

As at 31 December 2021, BAIC BluePark Group had total assets and net assets attributable to parent company of approximately RMB39.1 billion and approximately RMB11.1 billion respectively.

Reasons for and benefit of the Subscription

Detailed reasons for and benefits of the Subscription are set out under the section headed "V. REASONS FOR AND BENEFITS OF THE TRANSACTION" of the Board Letter. With reference to the Board Letter:

- (i) Participation in new energy vehicle industry has become the investment consensus and strategic direction of automobile enterprises at the current stage.
- (ii) BAIC BluePark has become one of the few domestic new energy vehicle enterprises that master the core battery, motor and electric control technologies and integrated matching control technology of electric vehicles, and possess a large asset base, comprehensive industrial chain, rich product lines and wide product market applications, and has relatively strong business strength.
- (iii) Proceeds from the Subscription are proposed to be invested in new energy vehicle projects, which are in line with industrial policy and national strategic orientation, and expected to enhance the business and production competitiveness of BAIC BluePark.

LETTER FROM GRAM CAPITAL

- (iv) The Company has strategic cooperation with BAIC BluePark in product research and development, production, marketing and other business fields. Through the Subscription, the Company can prevent the dilution of its shareholding in BAIC BluePark, while further deepening the cooperation relationship between the Company and BAIC BluePark through increased shareholding, broadening cooperation fields, saving investment costs in new energy vehicle fields and sharing development dividends in new energy vehicle field.
- (v) Despite the broad development prospects of new energy vehicle and the considerable support given to the industry, major domestic new energy vehicle enterprises are generally suffering losses due to the factors such as requirement for improvement in the current scale of production and marketing, the continuous reduction in subsidies for new energy vehicles, the rise in price of raw materials, and the structural tightening of supply chain. Nevertheless, the Company has reasonable expectations for the improvement in the medium and long-term profitability of competitive new energy vehicle enterprises.

Set out below are the sales volume of passenger vehicles (including other fuel passenger vehicles) and other fuel passenger vehicles (including common hybrid fuel, plug-in hybrid fuel, pure electrical vehicles, fuel cells vehicles, natural gas vehicles and other alternative fuel vehicles) in the PRC during the five years ended 31 December 2021, being the latest five full-year statistics published by Wind Financial Terminal.

	2017	2018	2019	2020	2021
Sales volume of passenger vehicles in the PRC	24,718,321	23,709,782	21,444,180	20,177,731	21,481,537
Sales volume of other fuel passenger vehicles in the PRC	722,587	1,273,861	1,284,637	1,495,722	3,931,312

As show in the above table, the sales volume of passenger vehicles in the PRC recorded year-on-year decrease during each of year 2018, 2019 and 2020, and recovered in year 2021. Sales volume of passenger vehicles in the PRC decreased from approximately 24.72 million units for year 2017 to approximately 21.48 million units for year 2021.

Despite the decrease in sales volume of passenger vehicles in the PRC from 2017 to 2021, the sales volume of other fuel passenger vehicles in the PRC recorded year-on-year increase during each of 2018, 2019, 2020 and 2021. Sales volume of other fuel passenger vehicles in the PRC increased substantially from approximately 0.72 million units for year 2017 to approximately 3.93 million units for year 2021, representing a compound annual growth rate of approximately 52.73%.

The above statistics indicated the growth potential of the new energy vehicles industry.

LETTER FROM GRAM CAPITAL

We also noted that the government of the PRC issued various favourable government policies for new energy vehicles to support its development in recent years, such as:

- (i) 《關於2022年新能源汽車推廣應用財政補貼政策的通知》(Notice on the Promotion and Application of Financial Subsidy Policies for New Energy Vehicles in 2022*) published on 31 December 2021, which indicated that the subsidies arrangement for new energy vehicles (in terms of current framework of technical indicator system and threshold requirements for purchase subsidy) will remain unchanged in 2022 and the subsidy scale will not be capped;
- (ii) 《關於調整免徵車輛購置稅新能源汽車產品技術要求的公告》 (Announcement on Adjusting the Technical Requirements for Vehicle Purchase Tax Exemption in respect of New Energy Vehicle Products*) published on 30 April 2021, which set out the arrangements for exemption of vehicle purchase tax for new energy vehicles;
- (iii) 《乘用車企業平均燃料消耗量與新能源汽車積分並行管理辦法》 (Measures for Parallel Administration of the Corporate Average Fuel Consumption and New Energy Vehicle Credits of Passenger Vehicle Enterprises*) published on 15 June 2020, which set out the parallel credits policy on vehicle manufacturers and importers arrangement (including that each vehicle manufacturer and vehicle importer over a specific scale is required to, among other things, maintain its new energy vehicle credits and corporate average fuel consumption credit above zero); and
- (iv) 《關於進一步提升電動汽車充電基礎設施服務保障能力的實施意見》 (Implementation Opinions on Further Improving the Guaranteed Service Capability of Electric Vehicle Charging Infrastructure*) published on 10 January 2022, which set out guidance for the development of electric vehicle charging infrastructure, such as ensuring availability of electric vehicle charging infrastructure or reserving spaces for the installation of electric vehicle charging infrastructure in all parking spaces of newly developed residential community, accelerating formation of a phased coverage plan for the expressway fast-charging network in various provinces, clarifying construction standard and specification of expressway fast-charging stations and including fast-charging stations into the scope of supportive infrastructure of expressway's service area.

In addition, in October 2020, the State Council of the PRC published the 《新能源汽車產業發展規劃(2021-2035)》 (New Energy Vehicle Industry Development Plan (2021-2035)*), stipulating that the development of new energy vehicle is a must for China to transform into a powerful automobile country. The State Council of the PRC has set the target to raise the penetration rate of new energy vehicles to around 20% of China's passenger vehicle market by 2025, and battery electric vehicle is expected to become the mainstream new energy vehicle type among the new vehicles sold.

LETTER FROM GRAM CAPITAL

We noted from the proposal for non-public issuance of A-shares published by BAIC BluePark on 16 July 2022 that 70% of the proceeds from non-public issuance of A-shares by BAIC BluePark (including the Subscription) are intended to be invested into (i) project for development of skateboard chassis for scenario-oriented products to elevate the competitiveness of BAIC BluePark's products and substantially reduced future research and development costs and shorten the development cycle of new products; (ii) project for development of new energy vehicle models under the Arcfox brand (a brand owned by BAIC BluePark with several pure electric SUV and sedan models currently in the market) to meet the increasing demand for the personalised solutions and scenario-oriented products with the popularisation of electric vehicles and the evolutions of consumption characteristics in the PRC and to increase the market shares of BAIC BluePark in the PRC; and (iii) project for research and development of core technology of electric vehicle products (including upgrades of electric powertrain, intelligent electronic controls and battery systems) and the development of sales network of Arcfox brand. The remaining 30% of the proceeds from non-public issuance of A-shares by BAIC BluePark (including the Subscription) are intended to replenish the working capital of BAIC BluePark.

With reference to the Board Letter, the aforesaid investment projects are in line with industrial policy and national strategic orientation, and are expected to enhance the business and production competitiveness of BAIC BluePark. Based on the growth potential of the new energy vehicles industry and the favourable government policies to support the development of new energy vehicles, we concur with the Directors' view in this respect.

Having considered the reasons for and benefits of the Subscription as set out above, we consider that although the Subscription is not conducted in the ordinary and usual course of business of the Company, it is in the interests of the Company and the Shareholders as a whole.

Principal terms of the Subscription

Parties

the Company (as the subscriber)

BAIC BluePark (as the issuer)

Date

15 July 2022

Effective date and conditions precedent

The Share Subscription Agreement comes into force after signed by the legal or authorized representatives and chopped with the official chops of both parties, and upon the satisfaction of the following conditions:

- (1) the board of directors of BAIC BluePark passes a resolution to approve the A Share Issuance of BAIC BluePark;
- (2) the shareholders' general meeting of BAIC BluePark passes a resolution at a general meeting to approve the A Share Issuance of BAIC BluePark;

LETTER FROM GRAM CAPITAL

- (3) the Board and the Shareholders approve the Subscription by way of a board meeting and general meeting, respectively;
- (4) the Company obtains the no-further comments confirmation from the Hong Kong Stock Exchange with respect to the Circular;
- (5) the competent state-owned assets supervision and management authorities or organizations authorised by them approve the A Share Issuance of BAIC BluePark; and
- (6) approval of or the consent to the registration of the CSRC for the A Share Issuance.

If the trading price of shares of BAIC BluePark is lower than the latest audited net asset value per A Share for 20 consecutive trading days, pursuant to the Share Subscription Agreement, BAIC BluePark shall obtain the Company's approval if BAIC BluePark proceeds with the A Share Issuance. In such circumstances, the Company and BAIC BluePark will negotiate in good faith on when and whether to proceed with the A Share Issuance.

Subscription price, basis of pricing and maximum subscription amount

Pursuant to the Share Subscription Agreement, the total subscription amount of the Company shall not exceed RMB2,878.8829 million. The Pricing Benchmark Date is the first day of the issuance period of the A Share Issuance. The issue price shall not be less than: (i) 80% of the average trading price of BluePark A Shares for 20 trading days prior to the Pricing Benchmark Date (excluding the Pricing Benchmark Date, similarly hereinafter); and (ii) the latest audited net asset value per BluePark A Share (namely RMB2.73) prior to the issuance (i.e. the Reserve Issue Price).

BAIC BluePark proposes to raise total proceeds of not more than RMB8 billion (inclusive) under the A Share Issuance. BAIC BluePark offered the Company to use not more than RMB2,878.8829 million to subscribe not less than 35.99% of the final number of new A Shares to be issued under the A Share issuance. The minimum number of A Shares to be subscribed by the Company under the A Share Issuance (i.e. 35.99% of the final number of new A Shares to be issued under the A Share Issuance) was proposed and offered by BAIC BluePark. The maximum subscription amount of RMB2,878.8829 million represents 35.99% of the maximum total proceeds proposed to be raised by BAIC BluePark under A Share Issuance.

The final issue price will be determined through negotiation between BAIC BluePark and its sponsor (lead underwriter) in accordance with the Implementing Rules for Non-public Issuance of Shares by Listed Companies (《上市公司非公开发售股票实施细则》) (i.e. the Implementing Rules), having regard to the quotation offered by target subscribers.

In accordance with the requirements under the Implementing Rules, the Company shall not participate in the pricing process for the A Share Issuance, and shall subscribe for shares at the same price as other subscribers. If there is no valid quotation for the A Share Issuance, the Company shall subscribe for new BluePark A Shares issued under the A Share Issuance at the above Reserve Issue Price.

LETTER FROM GRAM CAPITAL

As advised by the Directors, the Pricing Benchmark Date, the Subscription Price, Reserve Issue Price and pricing principle are determined in accordance with relevant opinions and relevant regulatory requirements on stated-owned assets in the Article 38 of the Administrative Measures for the Issuance of Securities by Listed Companies (as Amended in 2020) (《上市公司證券發行管理辦法(2020年修正)》) published by the CSRC on 14 February 2020, Article 7 of the Implementing Rules, and the Reply of National Administrative Bureau of State Owned Property in Relation to Issues Including Conversion of State-owned Assets into Shares for Companies Which Conducting A Public Issuance (GZQHF<1993>No.94, 13 August 1993) (《國家國有資產管理局關於公開發行股票公司國有資產折股等問題的覆函》(國資企函發<1993>94號, 1993年8月13日)).

We noted that the pricing basis of the Subscription is in-line with the above regulatory requirements and the Implementing Rules.

We also identified non-public issuance of A shares proposal announced by companies listed on the SSE during the one-month period from 16 June 2022 up to and including the Agreement Date. We identified seven transactions during the period and noted that (i) all of their pricing principles include “not lower than 80% of the average trading price of such A shares for 20 trading days prior to the price determination date”; and (ii) the pricing principles of one transaction also include “not lower than the latest audited net asset value per share prior to such non-public issuance”.

Share price performance of BAIC BluePark

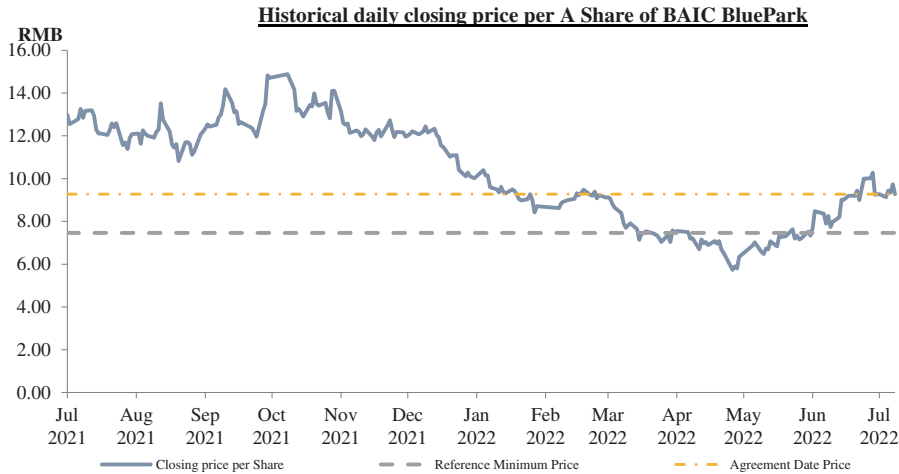
To assess the fairness and reasonableness of the Subscription Price, we reviewed the daily closing prices of BluePark A Shares as quoted on the Shanghai Stock Exchange from 1 July 2021 up to and including the Agreement Date (the “**Review Period**”), being a period of approximately one year prior to the Agreement Date, which is commonly adopted for analysis.

Based on the BAIC BluePark Group’s net assets of approximately RMB11.7 billion as at 31 December 2021 and 4,287,310,130 BluePark A Shares in issue as at the Latest Practicable Date, the latest audited net assets value per BluePark A Share was approximately RMB2.73 (the “**NAV per BluePark A Share**”).

For illustration purpose and assuming that Pricing Benchmark Date is the Agreement Date, the minimum Subscription Price would be RMB7.42, being 80% of the average trading price of BluePark A Shares for 20 trading days prior to the Agreement Date (the “**Reference Minimum Price**”).

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The comparison among (i) daily closing price of BluePark A Share during the Review Period; (ii) the closing price of BluePark A Share as at the Agreement Date (“**Agreement Date Price**”); and (iii) the Reference Minimum Price, is illustrated as follows:



Source: The *cninfo* website

During the Review Period, the highest and lowest closing prices of BluePark A Shares as quoted on SSE were RMB14.88 recorded on 8 October 2021 and RMB5.73 recorded on 26 April 2022 respectively. The Reference Minimum Price and the Agreement Date Price are both within the aforesaid range while the Reference Minimum Price is closer to the lower end of the aforesaid range.

The closing prices of BluePark A Shares fluctuated between the range of RMB10.02 and RMB14.88 from the beginning of the Review Period to the end of December 2021. Thereafter, the closing prices of BluePark A Shares followed a general downward trend and reached the lowest of RMB5.73 on 26 April 2022 before it rebounded and reached RMB8.32 as at the Agreement Date.

Comparables of BAIC BluePark

We noted that (i) trading multiples analysis of price-to-earnings ratio (“**PER**”) and price-to-book ratio (“**PBR**”) are commonly adopted valuation methods in the market. As illustrated in the section headed “Information on BAIC BluePark” above, BAIC BluePark Group recorded net loss after tax for FY2021. Accordingly, PER analysis is impracticable in this case.

We searched for companies listed on the Hong Kong Stock Exchange, the Shenzhen Stock Exchange and SSE which have similar lines of business as BAIC BluePark (i.e. primarily engaged in the production of new energy passenger vehicles). To the best of our knowledge and as far as we are aware of, we found three companies which met the said criteria and they are exhaustive (the “**Comparable(s)**”).

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Set out below are the PBRs of the Comparables based on their closing prices as at the Agreement Date, and their latest published financial information:

Company name (Stock code)	Principal business	PBR (Note 1)
Li Auto Inc. (2015 & NASDAQ:LI)	Design, development, manufacturing, and sales of new energy vehicles in the PRC	6.53
NIO Inc. (9866, SGX:NIO & NYSE:NIO)	Design, develop, jointly manufacture, and sell premium smart electric vehicles, driving innovations in autonomous driving, digital technologies, electric powertrains and batteries	6.86
XPeng Inc. (9868 & NYSE:XPEV)	Designs and develops smart electric vehicles in the PRC	4.06
The Subscription (Note 2)		2.72 (based on Reference Minimum Price) 3.05 (based on Agreement Date Price)

Source: the Hong Kong Stock Exchange's website

Notes:

- The PBRs of the Comparables were calculated based on their respective net assets of the company according to their latest published annual results and their respective closing prices as quoted on the Hong Kong Stock Exchange and total issued shares as at the Agreement Date. Despite that (i) the American depositary shares/receipts of the Comparables are listed on the New York Stock Exchange or Nasdaq Global Select Market, we noted that their respective American depositary shares/receipts represents their ordinary share(s) listed on the Hong Kong Stock Exchange and the closing price of their respective American depositary share/receipt approximates to the closing price of their ordinary share listed on the Hong Kong Stock Exchange (having taken into account the number of ordinary shares represented and the then exchange rate between United States dollar and Hong Kong dollar); and (ii) the same class of ordinary shares of NIO Inc. are listed on the Hong Kong Stock Exchange and Singapore Exchange, the closing price of such ordinary share on Singapore Exchange approximates to the closing price of such ordinary share on the Hong Kong Stock Exchange (having taken into account the then exchange rate between United States dollar and Hong Kong dollar). Accordingly, we only adopted share closing prices of the Comparables as quoted on the Hong Kong Stock Exchange in calculation.
- The implied PBR of the Subscription was calculated based on the Reference Minimum Price, the Agreement Date Price and the NAV per BluePark A Share.

As illustrated in the above table, the implied PBRs of the Subscription based on the Reference Minimum Price and the Agreement Date Price are both lower than the PBRs of the Comparables.

LETTER FROM GRAM CAPITAL

Given that:

- (i) the Reference Minimum Price is within and closer to the lower end of the highest and lowest closing prices range of BluePark A Shares during the Review Period;
- (ii) the Agreement Date Price is within the highest and lowest closing prices range of BluePark A Shares during the Review Period; and
- (iii) the implied PBRs of the Subscription based on the Reference Minimum Price and the Agreement Date Price are both lower than the PBRs of the Comparables,

it is reasonable for the Company to consider that, through the Subscription, the Company can prevent dilution of and/or increase its shareholding in BAIC BluePark at reasonable costs and enhance its strategic engagement in the new energy vehicle business.

Having considered the above and that (i) the pricing basis of the Subscription is in-line with the above regulatory requirements and the Implementing Rules; and (ii) the Company will accept the bidding results of other subscribers, and will subscribe for shares at the same price with other subscribers under the A Share Issuance of BAIC BluePark, we consider the pricing basis of the Subscription to be fair and reasonable.

Lock-up period

With reference to the Board Letter, the new BluePark A Shares to be issued by BAIC BluePark and subscribed for by the Company shall not be transferred within 36 months following the completion of the A Share Issuance. If there are subsequent changes in relevant laws, regulations, and normative documents of the securities regulatory authorities, the lock-up period will be adjusted accordingly.

Based on our research, we noted that, according to articles 46 of the Measures for the Administration of the Material Asset Restructurings of Listed Companies (fifth amendments)* (《上市公司重大資產重組管理辦法》(第五次修訂)) issued by CSRC, the shares purchased by a specified investor with assets may not be transferred within 36 months if (i) the specified investor is the controlling shareholder or actual controller of the listed company, or any affiliate controlled by it; (ii) the specified investor has acquired actual control of the listed company after purchasing the shares offered; or (iii) by the time of purchase, consecutively it has been less than 12 months since the specified investor acquires ownership of the interests of the assets.

With reference to the Board Letter and as advised by the Directors, BAIC BluePark is an A-share listed subsidiary of BAIC Group, as at the Latest Practicable Date, BAIC Group (together with the Group), being the largest shareholder of BAIC BluePark, holds 35.99% of the total issued share capital of BAIC BluePark, as such, BAIC Group is deemed to be the controlling shareholder of BAIC BluePark under the Rules Governing the Listing of Stock on Shanghai Stock Exchange.

LETTER FROM GRAM CAPITAL

Having considered the lock-up arrangement and the lock-up period of 36 months following the completion of issuance were in compliance with the regulations as promulgated by CSRC, we are of the view that the lock-up period is justifiable.

Taking into account the principal terms of the Subscription as set out above, we consider that the terms of the Subscription are fair and reasonable.

Possible financial effects of the Subscription

With reference to the 2021 Annual Report, the audited consolidated net assets of the Group was approximately RMB74.9 billion as at 31 December 2021. As confirmed by the Directors, the Subscription would have no material effect on the consolidated net assets of the Group.

It should be noted that the aforesaid analysis is for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon completion of the Subscription.

RECOMMENDATION

Having taken into account the above factors and reasons, we are of the opinion that (i) the terms of the Subscription are on normal commercial terms and are fair and reasonable; and (ii) although the Subscription is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Subscription and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

* *for identification purposes only*

1 RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2 SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, and to the best knowledge of the Directors, the following entities/persons (except for the Directors, Supervisors and senior management) have interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company according to Divisions 2 and 3 in Part XV of SFO or recorded in the register required to be kept under section 336 of the SFO, or who were directly and/or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings:

Name of Shareholder	Type of Shares	Number of shares/ underlying shares held ^(Note 1) (%)	Percentage of relevant class of shares ^(Note 2) (%)	Percentages of the total share capital (%)
Beijing Automotive Group Co., Ltd.	Domestic Shares	3,416,659,704(L)	62.18	42.63
Shougang Group Co., Ltd.	Domestic Shares	1,028,748,707(L)	18.72	12.83
Shenzhen Benyuan Jinghong Equity Investment Fund (Limited Partner)	Domestic Shares	342,138,918(L)	6.23	4.27
Mercedes-Benz Group AG	H Shares	765,818,182(L)	30.38	9.55
BlackRock, Inc.	H Shares	126,295,861(L)	5.01	1.58

1 (L) – Long position, (S) – Short position, (P) – Lending pool.

2 The percentage is calculated by the number of shares held by relevant person/the number of relevant types of shares issued as at the Latest Practicable Date.

3 DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, none of the Directors, Supervisors or the chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) had any interests and short positions which were required (i) to be notified to the Company and Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register as referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

4 DIRECTORS' AND SUPERVISORS' INTEREST IN ASSETS AND/OR CONTRACTS

As at the Latest Practicable Date, none of the Directors or the Supervisors had any direct or indirect interest in any assets which have been, since 31 December 2021, the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or the Supervisors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

5 DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

The Company has entered into service contracts with all of the Directors and the Supervisors. As at the Latest Practicable Date, none of the Directors or the Supervisors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

6 DIRECTORS' AND SUPERVISORS' POSITIONS IN SUBSTANTIAL SHAREHOLDERS

Save as disclosed in "9. COMPETING INTERESTS" in Appendix I to this circular, as at the Latest Practicable Date, the following Directors and the Supervisors were in the employment of those companies which had interests or short positions in the shares or underlying shares of the Company which are required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name of the Director/Supervisor	Position in the specific company
Mr. Hubertus Troska	Member of the board of directors of Mercedes-Benz Group AG
Mr. Harald Emil Wilhelm	Member of the board of directors of Mercedes-Benz Group AG

7 MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, the date to which the latest published audited accounts of the Company were made up.

8 COMPETING INTERESTS

The chart below summarizes the information of the Directors and Supervisors serving in BAIC Group and its subsidiaries as at the Latest Practicable Date.

Name of the Director/Supervisor	Major positions in the Group	Position in the specific company
Mr. Chen Wei	<ul style="list-style-type: none"> Chairman of the Board and non-executive Director 	<ul style="list-style-type: none"> Assistant general manager of Beijing Automotive Group Co., Ltd. Executive director of BAIC Group Off-road Vehicle Co., Ltd.
Mr. Chen Hongliang	<ul style="list-style-type: none"> Non-executive Director 	<ul style="list-style-type: none"> Assistant general manager of Beijing Automotive Group Co., Ltd.

Name of the Director/ Supervisor	Major positions in the Group	Position in the specific company
Mr. Hu Hanjun	<ul style="list-style-type: none"> ● Non-executive Director 	<ul style="list-style-type: none"> ● General manager assistant and Secretary to the board of directors of Beijing Automotive Group Co., Ltd. ● Director of of BAIC Automotive Asset Operation Management Co., Ltd. ● Director of BAIC ROCAR Automobile Services & Trade Co., Ltd. ● Director of Bohai Automotive Systems Co., Ltd.
Mr. Zhang Guofu	<ul style="list-style-type: none"> ● Executive Director ● Executive vice president of the Company 	<ul style="list-style-type: none"> ● General manager of BAIC Group Off-road Vehicle Co., Ltd.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the Supervisors or their respective close associates was interested in any business apart from the business of the Group which competes or is likely to compete, either directly or indirectly, with the business of the Group.

9 EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given advice or recommendations, which are contained in this circular:

Name	Qualification
Gram Capital	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

10 EXPERT'S INTERESTS

As at the Latest Practicable Date, Gram Capital:

- (1) did not have any direct or indirect interest in any assets which have been, since 31 December 2021, the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or proposed to be acquired or disposed of by or leased to any member of the Group; and
- (2) did not have any shareholding in any member of the Group or the rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for the securities in any member of the Group.

11 MISCELLANEOUS

- (1) The primary contact person of the Company is Mr. Wang Jianhui, Secretary to the Board and Company Secretary of the Company.
- (2) The registered address of the Company is A5-061, Unit 101, 5th Floor, Building No. 1, Courtyard No. 99, Shuanghe Street, Shunyi District, Beijing, the PRC. The Group is principally engaged in the manufacturing and sales of passenger vehicles, engines and auto parts in the PRC.
- (3) The H Share Registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited located at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (4) The English version of the circular shall prevail over the Chinese version in the event of inconsistency.

12 DOCUMENTS ON DISPLAY

Copies of the following documents will be available on the Company's website (www.baicmotor.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk) for a period of 14 days from the date of this circular:

- (1) the Share Subscription Agreement;
- (2) the letter from the Independent Board Committee, the text of which is set out on pages 16 to 17 of this circular;
- (3) the letter from Gram Capital, the Independent Financial Adviser, the text of which is set out on pages 18 to 32 of this circular;
- (4) written consents issued by Gram Capital referred to in the paragraph headed "EXPERT'S QUALIFICATION AND CONSENT" above; and
- (5) this circular.

NOTICE OF THE 2022 FIRST EXTRAORDINARY GENERAL MEETING

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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)

NOTICE OF THE 2022 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2022 first extraordinary general meeting (the “EGM”) of BAIC Motor Corporation Limited (the “Company”) will be held at 9:30 a.m. on Friday, 26 August 2022 at Multi-purpose Hall, 1st Floor, the South Tower of Beijing Automotive Industry Research and Development Base, No. 99 Shuanghe Street, Shunyi District, Beijing, the PRC for the purpose of considering, among others, and if thought fit, passing the following resolution (with or without amendments). Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 8 August 2022:

ORDINARY RESOLUTION

1. (a) To approve the Share Subscription Agreement and the Subscription contemplated thereunder

- (b) To authorize the Board, and the Board to delegate to the Chairman and the management of the Company, to take full responsibility for the matters relating to the Subscription in accordance with the specific situation of the A Share Issuance of BAIC BluePark and other market conditions

By Order of the Board
BAIC Motor Corporation Limited
Chen Wei
Chairman of the Board

Beijing, the PRC, 8 August 2022

* For identification purpose only

NOTICE OF THE 2022 FIRST EXTRAORDINARY GENERAL MEETING

Notes:

- (A) The register of members of the Company will be closed from Tuesday, 23 August 2022 to Friday, 26 August 2022 (both days inclusive), during which period no transfer of shares will be effected. Holders of H Shares whose names appear on the register of H Shares as maintained by Computershare Hong Kong Investor Services Limited at the close of business hours on Monday, 22 August 2022 are entitled to attend and vote at the EGM following completion of the registration procedures. To be eligible to attend and vote at the EGM, all the transfer documents of H Shares must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H Shares no later than 4:30 p.m. on Monday, 22 August 2022 or China Securities Depository and Clearing Corporation Limited at 23 Floor, Shenzhen Stock Exchange Square, Futian District, Shenzhen, Guangzhou, the PRC for holders of Domestic Shares of the Company no later than 4:00 p.m. on Monday, 22 August 2022.
- (B) Each Shareholder entitled to attend and vote at the EGM may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the EGM on its behalf. A proxy need not be a shareholder. With respect to any shareholder who has appointed more than one proxy, the proxies may only vote on a poll.
- (C) A proxy shall be appointed by a shareholder by a written instrument signed by the appointor or his attorney duly authorized in writing. In case of a corporation, the same must be either under its common seal or under the hand of its legal representative or duly authorized attorney(s). If the written instrument is signed by an attorney of the appointor, the power of attorney or other documents of authorization of such attorney shall be notarized.
- (D) To be valid, the form of proxy and the relevant notarized power of attorney (if any) and other relevant documents of authorization (if any) as mentioned in Note (C) above must be delivered to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H Shares or the Board of Directors' Office at Room 5-054, Tower A, Beijing Automotive Industry Research and Development Base, No. 99 Shuanghe Street, Shunyi District, Beijing, the PRC for holders of Domestic Shares not later than 24 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder from attending and voting in person at the EGM if he/she so desires.
- (E) A Shareholder or his proxy should produce proof of identity when attending the EGM. Where a shareholder is a legal person, the legal representative of that shareholder or the person authorized by its board of directors or other governing body shall produce a copy of the authorization documents of the board of directors or other governing body of such Shareholder appointing such person to attend the EGM.
- (F) The EGM is expected to last for half a day. Shareholders who attend the EGM shall bear their own travelling and accommodation expenses.

As at the date of this notice, the Board comprises Mr. Chen Wei, as Chairman of the Board and non-executive Director; Mr. Chen Hongliang and Mr. Hu Hanjun, as non-executive Directors; Mr. Huang Wenbing and Mr. Zhang Guofu, as executive Directors; 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.