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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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 disregard this circular and the proxy form.

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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  
IN RELATION TO  
THE DISPOSAL OF 51% OF THE EQUITY INTERESTS  
IN A WHOLLY-OWNED SUBSIDIARY  
PROPOSED APPOINTMENT OF DIRECTORS  
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
PROPOSED AMENDMENTS TO THE RULES OF  
PROCEDURES FOR THE SHAREHOLDERS' MEETINGS  
PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES FOR  
THE BOARD  
AND  
NOTICE OF 2025 THIRD EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and the  
Independent Shareholders**



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A letter from the Board is set out on pages 5 to 46 of this circular.

The notice of the EGM to be held at 9:30 a.m. on Monday, 29 December 2025 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 is set out on pages EGM-1 to EGM-2 of this circular. The proxy form for use at the EGM is also published on the HKExnews website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company.

Whether or not you intend to attend the EGM, holders of H Shares are requested to complete the proxy form in accordance with the instruction stated 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 proxy form shall be returned to the Board of Directors' Office of the Company at Room 3-038, Tower A, Beijing Automotive Industry Research and Development Base, No. 99 Shuanghe Street, Shunyi District, Beijing, the PRC. The proxy form 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 proxy form 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.

\* For identification purposes only

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## DEFINITIONS

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

“Articles of Association”	the articles of association of the Company, as amended from time to time
“Asset Valuation Report”	“Asset Valuation Report on the Value of Entire Shareholders’ Equity of BAIC International Development Co., Ltd. in Connection with the Proposed Disposal of Equity Interests by BAIC Motor Corporation Limited to Beijing Automotive Group Co., Ltd.” (BCEAC Valuation Report (2025) No. 2485) prepared by the Independent Valuer
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“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 and the sole controlling shareholder of the Company
“BAIC International”	BAIC International Development Co., Ltd.* (北京汽車國際發展有限公司), a limited liability company established under the laws of the PRC, and a wholly-owned subsidiary of the Company as at the Latest Practicable Date and immediately prior to completion of the Disposal
“Board”	the board of Directors
“Board of Supervisors”	the board of Supervisors
“China” or “PRC”	the People’s Republic of China
“Company”	BAIC Motor Corporation Limited* (北京汽車股份有限公司), a company limited by shares duly incorporated and validly existing under the laws of the PRC, whose H Shares are listed on the Hong Kong Stock Exchange (stock code: 1958)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

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## DEFINITIONS

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“Disposal”	the disposal of 51% of the equity interests in BAIC International by the Company
“Domestic Share(s)”	ordinary share(s) in the Company’s share capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“EGM”	the 2025 third extraordinary general meeting of the Company to be convened and held for consideration and (if thought fit) approval of (i) the Equity Acquisition Agreement and the Disposal; (ii) the proposed appointment of Directors; (iii) the proposed amendments to the Articles of Association; (iv) the proposed amendments to the Rules of Procedures for the Shareholders’ Meetings; and (v) the proposed amendments to the Rules of Procedures for the Board
“Equity Acquisition Agreement”	the equity acquisition agreement entered into between the Company and BAIC Group in relation of the Disposal dated 21 November 2025
“Equity Interests”	the 51% of the equity interests in BAIC International owned by the Company to be disposed of as contemplated under the Disposal
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, to be subscribed for and traded in Hong Kong dollars and listed and traded on the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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, Ms. Yin Yuanping, Mr. Xu Xiangyang, Mr. Tang Jun, Mr. Edmund Sit and Mr. Ji Xuehong, which was established to advise the Independent Shareholders in relation to the Equity Acquisition Agreement and the Disposal

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## DEFINITIONS

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“Independent Financial Adviser” or “Everbright Capital”	China Everbright Capital Limited, a corporation permitted to carry out Type 1 (Dealing in securities), Type 4 (Advising on securities) and Type 6 (Advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Equity Acquisition Agreement and the Disposal
“Independent Shareholder(s)”	Shareholder(s) other than (i) BAIC Group and its associates and (ii) any other persons who are involved or interested in the Disposal
“Independent Valuer”	Beijing China Enterprise Appraisals Co., Ltd.* (北京中企華資產評估有限責任公司), a qualified independent valuer in the PRC
“Latest Practicable Date”	5 December 2025, being the latest practicable date prior to the finalisation 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
“Nomination Committee”	the nomination committee of the Board
“Remuneration Committee”	the remuneration committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Rules of Procedures for the Board”	the rules of procedures for the Board, as amended from time to time
“Rules of Procedures for the Shareholders’ Meetings”	the rules of procedures for the shareholders’ meetings of the Company, as amended from time to time
“SFO”	the Securities and Future Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share(s)”	Domestic Share(s) and/or H Share(s)
“Shareholder(s)”	the shareholder(s) of the Company

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## DEFINITIONS

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“Strategy and Sustainability Committee”	the strategy and sustainability committee of the Board
“Supervisor(s)”	the supervisor(s) of the Company
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Valuation”	the valuation of the Equity Interests
“Valuation Benchmark Date”	30 September 2025, being the valuation benchmark date of the appraised value of the Equity Interests
“%”	percent

\* *For identification purpose only*

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## LETTER FROM THE BOARD

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### 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**

**Position**

Mr. Wang Hao

*Chairman of the Board and Executive Director*

Mr. Hu Hanjun

*Non-executive Director*

Mr. Chen Hongliang

*Non-executive Director*

Mr. Song Wei

*Executive Director*

Mr. Peng Jin

*Non-executive Director*

Mr. Ye Qian

*Non-executive Director*

Mr. Paul Gao

*Non-executive Director*

Mr. Kevin Walter Binder

*Non-executive Director*

Mr. Gu Tiemin

*Non-executive Director*

Mr. Sun Li

*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*

Mr. Ji Xuehong

*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  
IN RELATION TO  
THE DISPOSAL OF 51% OF THE EQUITY INTERESTS  
IN A WHOLLY-OWNED SUBSIDIARY  
PROPOSED APPOINTMENT OF DIRECTORS  
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
PROPOSED AMENDMENTS TO THE RULES OF  
PROCEDURES FOR THE SHAREHOLDERS' MEETINGS  
PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES FOR  
THE BOARD  
AND  
NOTICE OF 2025 THIRD EXTRAORDINARY GENERAL MEETING**

**I. INTRODUCTION**

The Company intends to hold the EGM at 9:30 a.m. on Monday, 29 December 2025 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 to convene the EGM is set out on pages EGM-1 to EGM-2 of this circular.

\* For identification purpose only

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with details of the resolutions to be proposed to consider and approve as ordinary resolutions and special resolution at the EGM and provide all the information reasonably required to enable you to make an informed decision on whether to vote for or against or abstain from voting on such resolutions. Such resolutions and details are set out in the letter from the Board.

### II. MATTERS TO BE RESOLVED AT THE EGM

#### ORDINARY RESOLUTIONS

As disclosed in the announcement of the Company dated 21 November 2025, on 21 November 2025 (after trading hours), the Company entered into the Equity Acquisition Agreement with BAIC Group, pursuant to which the Company has conditionally agreed to sell, and BAIC Group has conditionally agreed to purchase, 51% of the equity interests in BAIC International, for a total consideration of RMB1,607.5740 million in cash, representing as the appraised value of the Equity Interests based on the Asset Valuation Report as filed with the competent organisation.

#### 1. Discloseable and Connected Transaction in relation to the Disposal

##### (1) The Equity Acquisition Agreement

The principal terms and conditions of the Equity Acquisition Agreement are set out as follows:

##### **Date**

21 November 2025 (after trading hours)

##### **Parties**

- (i) The Company (as vendor); and
- (ii) BAIC Group (as purchaser).

##### **Disposal**

Subject to the terms and conditions under the Equity Acquisition Agreement, the Company has agreed to sell, and BAIC Group has agreed to purchase, 51% of the equity interests in BAIC International, together with the shareholders' equity attaching thereto, including but not limited to the right to asset returns, right to participate in major decisions, right to select management, and other shareholders' rights as provided under the Company Law of the People's Republic of China and the articles of association of BAIC International. After completion of the Disposal, BAIC International will be owned as to 51% by BAIC Group and 49% by the Company, and BAIC International will cease to be a subsidiary of the Company and its financial results will no longer be consolidated in the Group's accounts.



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## LETTER FROM THE BOARD

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### Consideration and Payment

The consideration of the Equity Interests is RMB1,607.5740 million, representing as the appraised value of the Equity Interests based on the Asset Valuation Report as filed with the competent organisation. The consideration shall be paid by BAIC Group to the Company in cash in the following manner:

- (i) RMB803.7870 million, being 50% of the total consideration, representing as the appraised value of the Equity Interests based on the Asset Valuation Report as filed with the competent organisation, shall be paid by BAIC Group to the designated bank account of the Company as and when the Equity Acquisition Agreement is signed and becomes effective upon the date on which the Disposal has been approved by the Independent Shareholders; and
- (ii) RMB803.7870 million, being the remaining 50% of the total consideration, representing as the appraised value of the Equity Interests based on the Asset Valuation Report as filed with the competent organisation, shall be paid by BAIC Group to the designated bank account of the Company within one year from the effective date of the Equity Acquisition Agreement and after the completion of the registration procedures with the registration authority for the change of equity ownership in respect of the Equity Interests, which is expected to be completed within 60 working days following the approval of the Disposal by the Independent Shareholders.

The Board considers that the one-year deferred settlement is fair and reasonable on the following grounds: (i) the settlement structure, pursuant to which the Company will receive 50% of the total consideration as the first instalment on the effective date of the Equity Acquisition Agreement (being the date of approval of the Disposal by the Independent Shareholders) and the remaining 50% as the second instalment within one year from such effective date, represents a commercial arrangement reached following arm's length negotiations between the parties and accommodates the working capital and liquidity requirements of both parties, mitigating concentration of financial obligations and providing BAIC Group with adequate time to arrange funding while ensuring the Company receives the full consideration within a commercially reasonable timeframe; (ii) the settlement arrangement with a one-year settlement period is in compliance with the applicable PRC state-owned enterprise regulatory requirements and is consistent with prevailing market practice for transactions of this nature; (iii) the Board has taken into account that the Company will retain recourse against BAIC Group in the event of non-settlement of the second instalment, and BAIC Group, as a substantial state-owned enterprise and controlling shareholder of the Company, has the financial capacity and creditworthiness to fulfill its

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## LETTER FROM THE BOARD

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payment obligations; and (iv) the settlement arrangement does not materially affect the Company's financial position or working capital requirements, as the Company does not have an immediate need for the full consideration amount and the deferred receipt of 50% of the consideration will not adversely impact the Group's operations or financial stability.

### **Basis of Consideration**

The consideration of the Equity Interests was determined after arm's length negotiations between the Company and BAIC Group with reference to the appraised value of the Equity Interests as at the Valuation Benchmark Date as appraised by the Independent Valuer by adopting the income approach. According to the Asset Valuation Report, the appraised value of the entire shareholder's equity of BAIC International was RMB3,152.1058 million, and accordingly, the consideration of the Equity Interests is RMB1,607.5740 million.

### **Conditions Precedent**

Unless otherwise agreed upon by both parties, the closing of the Disposal is conditional upon the satisfaction of the following conditions:

- (i) all internal approval procedures and formalities for the authorisation of the Disposal, including but not limited to approval by the Independent Shareholders, having been fulfilled by the Company;
- (ii) all internal approval procedures and formalities for the authorisation of the Disposal having been fulfilled by BAIC Group; and
- (iii) necessary approvals or filings in connection with the Disposal as required by the competent state-owned assets supervision and management authorities, having been completed by the parties.

As at the date of this circular, conditions (ii) and (iii) above have been satisfied.

### **(2) Arrangements Related to Employment, Claims and Debts, and Profit and Losses**

The employment relationships of the current employees of BAIC International will not be affected by the Disposal. Their labor contracts will continue to be performed in accordance with their respective terms and conditions and the applicable laws and regulations.

The claims and debts of BAIC International shall continue to be enjoyed and borne by BAIC International after the change of business registration.

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## LETTER FROM THE BOARD

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The Equity Acquisition Agreement will become effective on the same date as completion of the Disposal, that is, the date on which the Disposal has been approved by the Independent Shareholders, and the profits and losses generated by BAIC International from the date of completion of the Disposal (inclusive) shall be borne and enjoyed by the shareholders of BAIC International upon such date, in proportion to their shareholding.

### **(3) Profit Forecast Requirements under the Listing Rules**

The valuation of the Equity Interests (i.e., the Valuation) was conducted by Beijing China Enterprise Appraisals Co., Ltd.\* (北京中企華資產評估有限責任公司) (i.e., the Independent Valuer), adopting the income approach. Accordingly, the Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. For the purpose of complying with Rule 14.60A of the Listing Rules, the details of the principal assumptions, including commercial assumptions, upon which the Valuation was based are as follows:

- (1) It is assumed that all subjects to be appraised are already in the transaction process, and the valuation professionals appraise them in a simulated market based on the transaction conditions of the assets to be appraised;
- (2) It is assumed that, for an asset traded or intended to be traded in the market, the parties to the asset transaction are equal in status with the opportunity and time to obtain sufficient market information, act voluntarily and rationally, and can make reasonable judgments on functions, purposes and transaction prices of assets;
- (3) It is assumed that the asset to be appraised will continue to be used for its current purpose in the current manner;
- (4) It is assumed that there are no material changes in the relevant prevailing laws, regulations and policies, and the macroeconomic condition of the country, and that there are no material changes in the political, economic and social environment of the regions where the parties to the transaction are located;
- (5) It is assumed that the business continues as a going concern in view of the actual status of assets as at the Valuation Benchmark Date;
- (6) It is assumed that there are no substantial changes in such indicators as interest rates, exchange rates, tax bases, tax rates and policy-based levies related to the appraised entity after the Valuation Benchmark Date;
- (7) It is assumed that the management of the appraised entity after the Valuation Benchmark Date is responsible, stable and capable of performing their duties;

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## LETTER FROM THE BOARD

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- (8) Unless otherwise specified, it is assumed that the Company is in full compliance with all relevant laws and regulations;
- (9) It is assumed that there will be no force majeure and unforeseeable factors which have a material adverse impact on the appraised entity after the Valuation Benchmark Date;
- (10) It is assumed that the accounting policies to be adopted by the appraised entity after the Valuation Benchmark Date and the accounting policies adopted when preparing the valuation report are consistent in material aspects;
- (11) It is assumed that the appraised entity, based on its existing management methods and levels, maintains the same business scope and operating approaches as it currently possesses after the Valuation Benchmark Date;
- (12) It is assumed that the cash inflow and cash outflow of the appraised entity after the Valuation Benchmark Date are uniform; and
- (13) It is assumed that the appraised entity's products or businesses will maintain their current market competitiveness after the Valuation Benchmark Date.

### ***Confirmations***

Ernst & Young has been engaged by the Company to review the arithmetical accuracy of the calculations of the income approach adopted by the Independent Valuer in respect of the Valuation, which do not involve the adoption of accounting policies and the appropriateness and validity of the assumptions.

The Board has reviewed and considered the Valuation including the principal assumptions upon which the Valuation was based. The Board has also considered the report from Ernst & Young. On the basis of the foregoing, the Board is of the opinion that the forecast has been made after due and careful enquiry.

The report from Ernst & Young and a letter from the Board regarding profit forecast are included in Appendix II and III to this circular, respectively, for the purpose of Rule 14.60A of the Listing Rules.

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## LETTER FROM THE BOARD

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### (4) General Information

#### *Information on the Company*

The Company was established in September 2010 and listed on the Main Board of the Hong Kong Stock Exchange in December 2014. As at the Latest Practicable Date, approximately 46.90% of the equity interests in the Company are directly owned by BAIC Group, which is the controlling shareholder of the Company. The Company's brands cover joint venture premium passenger vehicles, joint venture premium multi-purpose passenger vehicles, joint venture mid- to high-end passenger vehicles, proprietary brand passenger vehicles and other vehicles, which can maximally satisfy various customers' demands.

#### *Information on BAIC Group*

BAIC Group is the sole controlling shareholder of the Company, being a state-owned enterprise wholly-owned by Beijing State-owned Capital Operation and Management Company Limited\* (北京國有資本運營管理有限公司), and holds approximately 46.90% of the equity interests in the Company as at the Latest Practicable Date. BAIC Group is one of the main automobile manufacturing groups in China. It has now developed into a comprehensive and modern automobile conglomerate with diversified business portfolio and integrating vehicle research and development and manufacturing, parts and components manufacturing, automobile service trade, education and investment and financing business, as well as incubation of new industries.

### (5) Information on BAIC International

BAIC International, a wholly-owned subsidiary of the Company as at the Latest Practicable Date and immediately prior to completion of the Disposal, is a limited liability company established in the PRC with a registered capital of RMB3,052,442,014. It is principally engaged in the overseas sales and distribution of the Group's self-branded passenger vehicles.

The following table sets forth the financial information of BAIC International for the two years ended 31 December 2024 prepared in accordance with the China Accounting Standards for Business Enterprises:

	<b>For the year ended 31 December</b>	
	<b>2023</b>	<b>2024</b>
	<i>(RMB ten thousand)</i>	
	<i>(Audited)</i>	
Revenue	327,328.47	297,836.23
Net profit before taxation	14,877.48	3,258.84
Net profit after taxation	14,877.48	3,258.84

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## LETTER FROM THE BOARD

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The decrease in net profit of BAIC International from 2023 to 2024 was primarily attributable to the decrease in its overall sales volume due to global market volatility in 2024.

As at 30 September 2025, the audited net assets value of BAIC International was RMB927.7157 million.

### ***Valuation***

The valuation approaches selected for the Valuation are the income approach and the market approach.

The following is a summary of the key inputs and assumptions of the income approach used in the Valuation:

#### *(1) Determination of the revenue period and forecast period*

##### *(a) Determination of the revenue period*

The assessed entity operates normally without restrictions on the useful life of core assets affecting its continued operations, nor limitations on the entity's production and operation period or investor ownership term. Alternatively, such restrictions can be lifted, allowing perpetual use through extension. Therefore, this asset appraisal report assumes perpetual operation after the appraisal base date, with a corresponding income period of indefinite duration.

##### *(b) Determination of the forecast period*

Given that the enterprise's near-term earnings can be reasonably forecasted while long-term projections carry relatively weaker validity, the income period is conventionally divided into two phases: the forecast period and the post-forecast period. The forecast period spans from the valuation date to 2030. Beyond 2030, the enterprise's operating income is projected to stabilize, with the stabilization period extending from 2031 to perpetuity.

#### *(2) Projected income forecast for the forecast period*

The projected future earnings of the subject entity are based on historical annual actual operating performance, future operational forecast data, and management's expectations for the enterprise's future operations. These projections comply with current laws and regulations in China, incorporate national macroeconomic and industrial policies, and consider the market environment and development prospects facing the subject entity. They are derived from a competitiveness analysis of the subject entity.

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## LETTER FROM THE BOARD

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(a) Projection of operating revenue

(i) Historical annual operating revenue

Historical annual operating revenue for BAIC International comprises main business revenue and other business revenue. Main business revenue primarily consists of sales revenue from imported finished vehicles and spare parts; other business revenue mainly includes sales revenue from materials, etc.

(ii) Projected main business revenue for future years

Leveraging BAIC Group's industrial layout advantages under the Belt and Road Initiative, BAIC International positions itself as an "independent overseas trade platform" and "integrated service provider", focusing on two core areas, which are "overseas manufacturing" and "international marketing".

a) Sales volume forecast

As BAIC Group's core platform for implementing its internationalization strategy and the unified operator of its overseas business, BAIC International is fully responsible for overseas market development, sales and service operations. Its international business network covers major global automotive markets.

Based on market opportunities and strategic positioning, BAIC International adopts differentiated regional entry strategies.

Based on current strategic positioning and market opportunities, annual sales volume is projected to align with global automotive market trends and regional characteristics by 2030. This outlook considers the overall progress of Chinese brands' overseas expansion, competitive landscape, and BAIC International's resource allocation and capability development timeline. As overseas channel networks further mature and localized operations deepen, BAIC International is poised to capture a corresponding share of the Chinese brand export market by 2030. Economies of scale will gradually materialize, laying the foundation for sustained profitability enhancement.

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## LETTER FROM THE BOARD

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### b) Sales price forecast

As BAIC Group's specialized automotive export trading platform, BAIC International's core profit model relies on achieving reasonable commercial trade margins through global regionalized operations. Its pricing mechanism aligns with trading company characteristics, employing a dual-track strategy combining "benchmark cost plus" and "market value positioning". The company's strategic requirement ensures a reasonable gross profit margin; economies of scale leads to lower unit costs; and there is room for optimization in procurement cost fluctuations and supply chain optimization.

The specific analysis of sales price forecasts and multi-dimensional influencing factors is as follows:

#### Market price transmission mechanism

BAIC International thoroughly considers regional market price tolerance and competitive landscapes; closely tracks price ranges for comparable products in global regional target markets; and rapidly establishes dynamically adjusted vehicle models linked to OEM pricing.

#### Product mix optimization trends

Upgrading the product portfolio through increased new energy vehicle penetration; enhancing product value through intelligent feature upgrades; and adjusting pricing following the optimization of the product mix from base models to higher-spec variants.

#### Brand value enhancement path

Gradual establishment of brand premium alongside rising brand recognition; service value enhancement supported by localized service system development; strategic shift from "price competition" to "value competition".

In summary, BAIC International's future annual sales price projections, grounded in current market levels and corporate business planning, reflect a steady evolution. These projections: align with the strategic direction of continuously optimizing the diversified model portfolio; adapt to shifting competitive landscapes across regional markets; ensure a balanced



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## LETTER FROM THE BOARD

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equilibrium between reasonable commercial profit and market competitiveness; and provide the pricing foundation for BAIC International's sustainable development. Concurrently, BAIC International has established a dynamic pricing adjustment mechanism. Through regular market assessments and competitive analysis, it ensures pricing strategies remain aligned with market shifts, thereby effectively managing pricing risks.

c) Sales revenue forecast

Sales revenue is projected based on the export volume and average selling price of diversified vehicle models across BAIC International's global regions.

(b) Operating cost forecast

Based on BAIC International's automotive export volume projections, referencing recent procurement price levels, incorporating assessments of market price trends and unit procurement costs for various vehicle models, and considering BAIC International's advancing global regionalization strategy, costs are forecasted according to regional market characteristics, vehicle model categories, differentiated gross profit levels, and shifts in business structure.

(c) Forecast of taxes and surcharges

Historical taxes and surcharges primarily include: urban maintenance and construction tax, education fee surcharge, local education fee surcharge, stamp tax, etc.

- (i) Urban maintenance and construction tax: Calculated at 5% of the actual turnover tax paid.
- (ii) Education fee surcharge: Calculated at 3% of the actual turnover tax paid.
- (iii) Local education fee surcharge: Calculated at 2% of the actual turnover tax paid.
- (iv) Stamp tax: Forecasted through comprehensive analysis of historical tax expenditure levels and corresponding tax policies.

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## LETTER FROM THE BOARD

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(d) Sales expense forecast

Historical sales expenses primarily include employee compensation (including wages, social insurance, housing provident fund, and welfare expenses), transportation costs, travel expenses, warehousing fees, advertising expenses, property insurance premiums, legal fees, after-sales service costs, rental fees, certification fees, packaging costs, property management fees, business entertainment expenses, depreciation expenses, and other miscellaneous expenses.

(e) Administrative expenses forecast

Historical annual administrative expenses primarily consist of employee compensation, insurance premiums, fees for hiring intermediary agencies, IT expenses, property management fees, utilities (water, electricity, gas), vehicle usage fees, communication expenses, office supplies, certification fees, depreciation and amortization expenses, and other miscellaneous costs.

(f) Financial expense forecast

This assessment employs a discounted free cash flow model. Since free cash flow inherently excludes interest expenses and changes in interest-bearing debt, the inclusion or exclusion of financial expense projections does not impact the free cash flow outcome.

During this assessment, considering that the evaluated entity is engaged in automobile export trade, significant bank handling fees incurred from actual operating activities within financial expenses are no longer classified as incidental expenditures. To ensure comparable operating results, these fees are forecasted based on the historical ratio of expenses to operating revenue.

(g) Forecast of other income

Given the difficulty in accurately forecasting future government subsidy amounts and the sustainability of such subsidies, this income approach valuation did not separately forecast these items.

(h) Forecast of non-operating income and expenses

In enterprise value assessments, income projections primarily consider normal operating income. Non-operating income and expenses are non-operating items. Since these items are mainly unrelated to the main business and involve a degree of uncertainty regarding both the items and amounts, they constitute non-recurring gains and losses. Therefore, they are generally not forecasted during the assessment process.

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## LETTER FROM THE BOARD

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(i) Forecast of income tax

(i) Corporate income tax rate

The subject entity will apply its current corporate income tax rate of 25% in future years, with no other tax incentives.

(ii) Business entertainment expenses

Pursuant to Article 43 of the Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China, business entertainment expenses incurred by an enterprise that are related to production and business activities are deductible at 60% of the amount incurred, but the deduction shall not exceed 5‰ of the enterprise's sales (operating) revenue for the year. As the appraised entity incurs business entertainment expenses, tax adjustments are required for these expenses.

(iii) Loss carry forward

As of the Valuation Benchmark Date, the subject entity has accumulated losses of RMB65.5115 million from prior years that may be carried forward for offset in future years. These losses will be considered for pre-tax offset in income tax calculations for the years 2025 and 2026.

(j) Projected depreciation and amortization

Depreciation and amortization are included in the assessed entity's costs and expenses. These expenses do not affect the company's free cash flow and should be deducted from the company's after-tax net profit. Therefore, the amounts of depreciation and amortization should be estimated based on actual occurrences in previous years and future development plans.

Depreciation primarily refers to fixed asset depreciation charges within expenses. The enterprise employs the straight-line method for depreciation calculation. The base for calculating depreciation is the total book value of fixed assets on the valuation date plus the book value of fixed assets formed by capital expenditures.

Future annual depreciation amounts are calculated based on the book value of each fixed asset category, its corresponding depreciation period, and residual value rate. Among these: the original value of newly added fixed assets is determined according to projected annual capital expenditures, corresponding capitalization timing, and amounts. Amortization primarily applies to intangible assets such as commercial

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software, calculated based on the original acquisition cost, amortization period, and remaining useful life, with the expense recognized in period costs.

For depreciation and amortization projections, beyond existing assets as of the valuation date, the enterprise requires annual capital investments in new incremental assets or asset replacements to sustain normal operations and development. These are comprehensively calculated based on existing fixed assets and intangible assets as of the valuation date, plus fixed assets converted from future annual capital expenditures, using depreciation and amortization periods determined by the enterprise's accounting policies.

(k) Forecast of capital expenditures

The purpose of an enterprise's capital expenditures is to form, maintain, or expand its production or service capacity. Capital expenditures include the following two categories:

(i) Existing capital expenditures or replacement capital expenditures

Replacement capital expenditures primarily involve normal renewal expenditures for existing assets, mainly comprising investments in maintenance or replacement to compensate for the wear and tear of assets corresponding to the enterprise's existing production capacity.

(ii) Incremental capital expenditures or new capital expenditures

Incremental capital expenditures represent new investments in additional assets, primarily aimed at expanding the company's production capacity.

The above capital expenditures are generally classified based on the timing of the expenditure. The future annual capital expenditures of the entity being evaluated by consist of normal replacement capital expenditures for existing assets and new capital expenditures for incremental assets. Among these: Normal replacement expenditures for existing assets are forecasted based on an analysis of the asset composition, current asset status, asset scale, and asset replacement cycle of the entity being evaluated as of the valuation date. Incremental capital expenditures for new assets are forecasted by comprehensively analyzing the required capital expenditure levels for asset expansion. This analysis is based on the company's current asset status and projected useful life, combined with future operational scale expansion plans.

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## LETTER FROM THE BOARD

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- (l) Forecast of working capital increases
  - (i) Calculation of working capital on the Valuation Benchmark Date

Benchmark Date Working Capital = Adjusted Current Assets -  
Adjusted Current Liabilities

Key adjustments include:

- a) Deduction of excess cash

Excess cash refers to cash holdings exceeding the amount required for daily operations. The minimum cash balance is determined based on the company's cash payment policy and the scale of cash payment costs. Cash holdings exceeding this amount constitute excess cash.

- b) Deduction of non-operating intercompany transactions

Non-operating accounts receivable/payable refer to transactions unrelated to daily operations, such as related-party loans.

- c) Deduction of other non-operating assets and liabilities

Other non-operating assets and liabilities primarily include assets and liabilities unrelated to daily operations or not included in earnings projections.

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(ii) Forecast of annual working capital requirements

Working capital encompasses cash tied up in obtaining commercial credit from others and cash required to maintain normal operations. Simultaneously, extending commercial credit in economic activities allows for deferred cash payments. Typically, the majority of items recorded under other receivables and other payables are unrelated to the core business or represent temporary transactions. These should be individually assessed based on their relevance to the estimated business operations. Therefore, when estimating working capital increases, the primary factors to consider are generally the cash required for normal operations, accounts receivable, and accounts payable.

(iii) Projecting annual working capital increases

Increase in Working Capital = Current Period Working  
Capital Requirement - Beginning Working Capital

(m) Forecast of corporate net free cash flow

Based on the above forecasts, the detailed forecast results for net free cash flow for the forecast period are as follows:

*RMB'0000*

Project	2025 October- December	2026	2027	2028	2029	2030
<b>I. Total Operating Revenue</b>	<b>262,861.31</b>	<b>943,372.20</b>	<b>1,360,791.70</b>	<b>1,618,681.03</b>	<b>1,873,096.61</b>	<b>2,077,431.77</b>
Less: Cost of sales	240,175.12	843,798.28	1,206,223.73	1,430,877.28	1,653,437.06	1,832,641.76
Taxes and surcharges	193.49	740.14	1,067.63	1,269.96	1,469.57	1,629.88
Selling expenses	20,565.40	91,401.58	139,268.53	169,029.50	193,556.90	210,822.04
Financial expenses	105.14	377.35	544.32	647.47	749.24	830.97
<b>II. Operating Profit</b>	<b>1,822.15</b>	<b>7,054.85</b>	<b>13,687.49</b>	<b>16,856.82</b>	<b>23,883.84</b>	<b>31,507.11</b>
Add: Non-operating income	0.00	0.00	0.00	0.00	0.00	0.00
Less: Non-operating expenses	0.00	0.00	0.00	0.00	0.00	0.00
<b>III. Total Profit</b>	<b>1,822.15</b>	<b>7,054.85</b>	<b>13,687.49</b>	<b>16,856.82</b>	<b>23,883.84</b>	<b>31,507.11</b>
Less: Income tax expense	–	894.57	3,427.32	4,220.68	5,978.45	7,885.09
<b>IV. Net Profit Before Interest and After Tax</b>	<b>1,822.15</b>	<b>6,160.29</b>	<b>10,260.18</b>	<b>12,636.14</b>	<b>17,905.39</b>	<b>23,622.02</b>
Add: Depreciation and amortization	26.06	181.27	346.35	480.20	561.46	653.69
Less: Capital expenditures	0.00	1,490.00	900.00	615.00	535.00	485.00
Increase in working capital	-23,045.34	3,673.23	4,547.52	2,769.49	2,454.00	1,833.13
<b>V. Net Free Cash Flow</b>	<b>24,893.56</b>	<b>1,178.33</b>	<b>5,159.01</b>	<b>9,731.84</b>	<b>15,477.85</b>	<b>21,957.59</b>

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### (3) *Determination of the Discount Rate*

#### (a) Determination of the risk-free rate of return

Government bond yields are generally considered risk-free because the risk of non-payment upon maturity is negligible. According to Wind Information System disclosures, the yield to maturity for 10-year government bonds on the valuation benchmark date was 1.86%. This asset valuation report adopts 1.86% as the risk-free rate.

#### (b) Determination of the risk coefficient of the equity system

The equity systematic risk coefficient for the appraised entity is calculated as follows:

$$\beta_L = [1 + (1 - t) \times D/E] \times \beta_U$$

Where:	$\beta_L$ :	Systemic risk coefficient for equity with financial leverage;
	$\beta_U$ :	Systemic risk coefficient for equity without financial leverage;
	t:	Corporate income tax rate of the appraised entity;
	D/E:	Target capital structure of the entity being evaluated.

Based on the business characteristics of the entity under valuation, the appraiser queried the values of comparable listed companies on the Shanghai and Shenzhen A-share markets as of 30 September 2025, via the Wind Information System. These values were then converted to values using the income tax rates and capital structures of the comparable listed companies. The average value of 0.8843 was adopted as the value for the entity under valuation.

The average capital structure of comparable listed companies (31.79%) was adopted as the target capital structure for the subject entity. The income tax rate applicable to the subject entity on the valuation date was 25%.

Substitute the above parameters into the equity systematic risk coefficient formula to calculate the equity systematic risk coefficient for the subject entity.

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$$\beta_L = [1 + (1 - t) \times D/E] \times \beta_U$$

(c) Determination of market risk premium

The market risk premium represents the difference between the market investment return and the risk-free rate of return. The market investment return on the valuation benchmark date was determined through comprehensive analysis based on the Shanghai and Shenzhen Stock Exchange stock price indices, using the weighted average of annualized weekly returns from 1992 to the valuation benchmark date. Calculations indicate the market investment return on the valuation benchmark date was 8.62%. The risk-free rate is taken as the yield to maturity of 10-year government bonds on the valuation date, which is 1.86%. The market risk premium is 6.76%.

(d) Determination of the enterprise-specific risk adjustment factor

The enterprise-specific risk adjustment factor was comprehensively determined based on an analysis of the company's operational risks, market risks, management risks, financial risks, and corresponding countermeasures. Considering the impact of factors such as the scale of the business, historical operating performance, industry position, operational capability, competitive strength, and internal controls on enterprise risk, the enterprise-specific risk adjustment factor for the company was determined to be 1.50%.

(e) Determination of the discount rate for the forecast period

(i) Calculation of cost of equity capital

Substitute the determined parameters into the cost of equity capital formula to calculate the cost of equity capital for the evaluated entity.

$$\begin{aligned} K_e &= R_f + \beta \times MRP + R_c \\ &= 10.76\% \end{aligned}$$

(ii) Calculation of weighted average cost of capital

Based on the Company's actual loan interest rate of 2.15%, the weighted average cost of capital (WACC) for the subject entity was calculated by substituting the determined parameters into the WACC formula.



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$$\begin{aligned} \text{WACC} &= K_e \times \frac{E}{D + E} + K_d \times (1 - t) \times \frac{D}{D + E} \\ &= 8.55\% \end{aligned}$$

(f) Determination of the post-projection period discount rate

Under the assumptions established for this valuation, it is anticipated that both the operating income and operating risks of the enterprise will stabilize after the detailed forecast period. Therefore, the discount rate after the detailed forecast period is set at 8.55%.

(4) *Determination of value beyond the forecast period*

The enterprise's free cash flow (perpetual period) after the detailed forecast period refers to the present value of the free cash flow after the detailed forecast period discounted to the end of the detailed forecast period.

This valuation assumes the subject entity will operate perpetually, with operating income stabilizing beyond the detailed forecast period. The formula for calculating cash flows beyond the detailed forecast period (perpetuity period) is as follows:

$$P_n = R_{n+1} \times \text{Terminal Value Factor}$$

Where:  $P_n$  Free cash flow after the detailed forecast period (perpetuity period);

$R_{n+1}$  Free cash flow of the enterprise in the years following the detailed forecast period.

(a) Projection of annual free cash flow beyond the detailed forecast period

The free cash flow for years beyond the detailed forecast period is determined by adjusting the free cash flow at the end of the detailed forecast period. The adjustment items and amounts are as follows:

(i) Adjustment for capital expenditures

Based on the asset scale at the end of the detailed forecast period and assuming simple replacement, the perpetual period capital expenditures are calculated at RMB6,536,900 after comprehensively considering factors such as the replacement cycles and costs of various assets.

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(ii) Adjustment for depreciation and amortization

Considering depreciation and amortization of existing assets at the end of the detailed forecast period, as well as depreciation and amortization of assets acquired through replacement after the economic life of various assets expires, the perpetual period depreciation and amortization is calculated at RMB6,536,900.

(iii) Adjustment for working capital changes

Considering that the company's operating scale stabilizes during the perpetual period, the working capital at the end of the detailed forecast period aligns with its operating scale and requires no additional funding. Therefore, the annual working capital change for the perpetual period is adjusted to zero.

After the above adjustments, the enterprise's free cash flow for the perpetual period following the detailed forecast period is RMB236.2202 million.

(b) Calculation results for free cash flow in the perpetual period following the detailed forecast period

Free Cash Flow (Perpetual Period) After the Detailed Forecast Period

$$\begin{aligned} &= 236,220,200 \times 7.9216 \\ &= \text{RMB}1,871.2422 \text{ million} \end{aligned}$$

The following is a summary of the key inputs and assumptions of the market approach used in the Valuation:

***Selection of comparable companies***

*(1) Selection of capital markets*

Market maturity, trading activity and data availability were primarily considered for the selection of capital markets. After comprehensive evaluation, the Shanghai and Shenzhen A-share markets were chosen as the sample markets for the assessment.

*(2) Selection of comparable industries*

Step 1: Analysing the business model of the entity being evaluated to determine its specific industry and sector. Step 2: Screening companies within the identified industry.

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### (3) *Selection of comparable listed companies*

Three comparable listed companies were ultimately selected from Wind Information's database based on the following criteria:

- (i) All comparable companies are A-share listed entities;
- (ii) Comparable listed companies have not undergone significant operational changes in recent years;
- (iii) Comparable listed companies must have comparable core business operations;
- (iv) The selected companies have a minimum of two years of listing history; and
- (v) The comparable listed companies have maintained normal financial status and operating results in recent years.

Through comparative analysis, ShenZhen QuanXinHao Co Ltd ("**QuanXinHao**"), Fujian Zhangzhou Development Co Ltd ("**Zhangzhou Development**") and Liaoning Shenhua Holdings Co.,Ltd ("**Shenhua Holdings**") were selected as comparable listed companies. All three enterprises are A-share listed companies with consistent accounting periods and standards as the subject entity. Their primary business models are also similar to the subject entity. Therefore, these three enterprises are selected as comparable listed companies for the subject entity. The overview of the comparable listed companies is as follows:

#### (a) QuanXinHao (000007.SZ)

##### (i) Company overview

Name:	ShenZhen QuanXinHao Co Ltd
Legal representative:	Lin Wenjie
Registered capital:	RMB346,448,044
Stock code:	000007.SZ
Company type:	Joint stock company (listed)
Unified social credit code:	9144030019217870XW
Date of establishment:	11 March 1983

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Listing date:	13 April 1992
Business term:	11 March 1983 to Indefinite
Registered address:	25th Floor, Tower A, Modern Window, No. 1078 Huaqiang North Road, Fuqiang Community, Huaqiang North Subdistrict, Futian District, Shenzhen
Business scope:	Investment in industrial enterprises (specific projects to be declared separately); domestic commerce and material supply and marketing (excluding goods subject to exclusive operation, special control, or monopoly); leasing of self-owned properties; technical development of environmental protection products; Information consulting (excluding restricted items); Project investment; mining investment; sales of mineral products (excluding goods subject to exclusive operation, special control, or monopoly); import and export operations (excluding items prohibited by laws, administrative regulations, or State Council decisions; restricted items require prior licensing); investment in financial services projects and investment management (may not engage in securities investment activities; may not raise funds publicly for investment activities; may not engage in publicly offered fund management); other investment and investment management activities.

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### (ii) Company profile

QuanXinHao was established in March 1983. In April 1992, QuanXinHao was successfully listed on the Shenzhen Stock Exchange, becoming one of the first publicly listed companies in China's capital market. QuanXinHao is a publicly listed enterprise oriented toward market demand, focused on automotive aftermarket services, and committed to becoming a city-level expert in high-quality automotive lifestyle solutions. Since entering the automotive sales and service industry at the end of 2020, QuanXinHao has accumulated relatively mature operational management experience in this sector, which has become a significant business segment for the company.

### (iii) Overview of primary business

Sale of cars is a key strategic component within the automotive service ecosystem of QuanXinHao, specializing in the sale and brokerage of new and used vehicles across multiple brands. This business is conducted through its wholly-owned subsidiaries, Yancheng Xincheng Fude Automobile Sales Service Co., Ltd. ("**Xincheng Fude**") and Nantong Yaozhong Automobile Co., Ltd. ("**Nantong Yaozhong**"). Xincheng Fude is an authorized buick brand dealer for Shanghai General Motors, while Nantong Yaozhong is an authorized Volkswagen brand dealer for FAW-Volkswagen. By procuring vehicles and parts from distributors, Xincheng Fude and Nantong Yaozhong generated RMB225 million in automotive sales and related service revenue in 2024, accounting for 73.17% of total main business revenue.

### (iv) Key financial data

QuanXinhao's key operating indicators for the past three years are as follows:

Item	Financial position		
	As at	As at	As at
	31 December 2023	31 December 2024	30 September 2025
		(RMB'0000)	
Total assets	39,822.96	31,880.60	37,054.32
Total liabilities	26,020.64	12,725.35	17,346.40
Equity attributable to owners of the parent company	12,576.00	17,925.47	18,267.26
Minority interests	1,226.32	1,229.78	1,440.66
Shareholders' equity	13,802.32	19,155.24	19,707.92

## LETTER FROM THE BOARD

Item	Operating performance		
	For the year ended 31 December 2023	For the year ended 31 December 2024	For the nine months ended 30 September 2025
		(RMB'0000)	
Total operating revenue	21,638.80	30,727.60	29,984.67
Total operating costs	18,402.94	26,692.69	29,708.21
Gross profit	3,940.16	5,816.68	356.43
Net profit	3,649.67	5,645.62	246.40
Minority interest income	52.74	3.46	(95.39)
Net profit attributable to owners of the parent company	3,596.93	5,642.17	341.80

(b) Zhangzhou Development (000753.SZ)

(i) Company overview

Name:	Fujian Zhangzhou Development Co Ltd
Legal representative:	Chen Yijian
Registered capital:	RMB991,481,071.00
Stock code:	000753.SZ
Company type:	Joint stock company (listed)
Unified social credit code:	91350000158160688P
Date of establishment:	14 December 1994
Listing date:	26 June 1997
Registered address:	Zhangzhou Development Plaza, Shengli East Road, Zhangzhou City

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Business Scope:	Investment and development of roads and highways; development and construction of urban infrastructure; investment and management of municipal engineering projects; real estate development and management; sales of metal products, hardware and electrical appliances, electromechanical equipment, communication equipment, building materials, ceramic products, computers and accessories, paper products, toys, fitness equipment, lighting fixtures, daily necessities, feed, flowers, and primary agricultural products (projects subject to approval by relevant authorities must obtain such approval before commencing operations).
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### (ii) Company profile

Zhangzhou Development was listed on the Shenzhen Stock Exchange in June 1997, becoming the first state-controlled listed company in Zhangzhou. Established in March 1983, Zhangzhou Development expanded into automotive sales and other sectors. In April 1992, the company successfully listed on the Shenzhen Stock Exchange, becoming one of China's first publicly traded companies in the capital market. Zhangzhou Development is a comprehensive state-owned listed company focused on integrated automotive services. Its automotive business integrates upstream and downstream resources, concentrating deeply on the automotive distribution sector and aftermarket.

### (iii) Overview of primary business

Zhangzhou Development's automotive operations are led by its wholly-owned subsidiary, Fujian Zhangzhou Development Automobile Group Co., Ltd. Its sales portfolio encompasses both traditional fuel vehicles and new energy vehicles, supported by over 20 4S dealerships and nearly 100 secondary sales outlets, covering cities including Fuzhou, Xiamen, Zhangzhou, Sanming, Nanping and so on. In brand management, it has introduced premium brands like Zeekr and AITO to meet high-end consumer demands. Centering on BYD and Geely Galaxy for the mass market, it also positions brands like Geely Remote and Radar to expand into logistics and transportation scenarios. In 2024, fuel

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vehicle sales generated operating revenue of RMB752 million, while new energy vehicles achieved RMB922 million in operating revenue.

(iv) Key financial data

Zhangzhou Development's key operating indicators for the past three years are as follows:

Item	Financial position		
	As at 31 December 2023	As at 31 December 2024 <i>(RMB'0000)</i>	As at 30 September 2025
Total assets	998,099.43	1,216,259.30	1,242,280.20
Total liabilities	698,346.81	822,476.73	843,406.66
Equity attributable to owners of the parent company	269,507.95	331,594.51	333,951.88
Minority interests	30,244.66	62,188.06	64,921.66
Shareholders' equity	299,752.61	393,782.57	398,873.54

Item	Operating performance		
	For the year ended 31 December 2023	For the year ended 31 December 2024 <i>(RMB'0000)</i>	For the nine months ended 30 September 2025
Total operating revenue	364,916.37	330,220.62	186,711.24
Total operating costs	358,021.89	317,503.29	176,102.65
Gross profit	14,556.16	13,083.96	10,259.31
Net profit	9,520.91	8,930.20	6,642.12
Minority interest income	1,676.20	3,588.90	1,435.60
Net profit attributable to owners of the parent company	7,844.71	5,341.31	5,206.52

(c) Shenhua Holdings (600653.SH)

(i) Company overview

Name: Liaoning Shenhua Holdings Co.,Ltd.

Legal representative: Gao Xingang



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Registered capital:	RMB1,946,380,317
Stock code:	600653.SH
Company type:	Joint stock company (listed)
Unified social credit code:	91310000132214676F
Date of establishment:	1 July 1986
Listing date:	18 December 1990
Registered address:	Room 235, 2nd Floor, No. 109-1, Quanyun Road, Shenyang Area, China (Liaoning) Pilot Free Trade Zone
Business scope:	General projects: enterprise management; corporate headquarters management; automobile sales; wholesale of automotive parts; retail of automotive parts; non-residential real estate leasing; investment activities with own funds; enterprise management consulting; venture capital investment (limited to unlisted enterprises) (except for projects subject to approval by law, business activities may be conducted independently in accordance with the business license).

### (ii) Company profile

Shenhua Holdings was established in July 1986 and listed on the Shanghai Stock Exchange in December 1990. Shenhua Holdings is one of renowned listed companies in the automotive distribution sector in China. Automotive sales have long been the company's core business and revenue foundation. Through decades of dedicated cultivation and development, it has built a large-scale automotive dealership cluster featuring diverse brands and extensive network coverage.

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## LETTER FROM THE BOARD

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### (iii) Overview of primary business

Shenhua Holdings' automotive brand operations center on the BMW brand. As one of BMW's earliest and largest domestic dealer groups, it provides new vehicle sales services through 16 4S stores and operational outlets located in densely populated, economically developed regions across Jiangsu, Zhejiang, Anhui, Liaoning, Chongqing, and other provinces and municipalities, achieving significant market scale. Shenhua Holdings' investment and operation of large-scale automotive industrial parks or comprehensive automotive complexes generate significant economies of scale and cluster advantages, establishing the company's competitive edge in the automotive distribution sector.

### (iv) Key financial data

Shenhua Holdings' key operating indicators for the past three years are as follows:

Item	Financial position		
	As at 31	As at 31	As at 30
	December	December	September
	2023	2024	2025
	(RMB'0000)		
Total assets	331,455.55	330,525.42	287,881.51
Total liabilities	236,513.18	234,718.67	203,452.01
Equity attributable to owners of the parent company	78,369.46	82,089.00	73,098.65
Minority interests	16,572.92	13,717.75	11,330.84
Shareholders' equity	94,942.38	95,806.75	84,429.49

  

Item	Operating performance		
	For the year	For the year	For the nine
	ended 31	ended 31	months ended
	December	December	30 September
	2023	2024	2025
	(RMB'0000)		
Total operating revenue	514,086.60	419,338.41	322,953.93
Total operating costs	529,707.62	428,027.19	335,210.25
Gross profit	(18,167.12)	2,969.06	(11,976.48)
Net profit	(18,524.87)	3,160.71	(10,176.76)
Minority interest income	1,352.68	(699.17)	(1,271.35)
Net profit attributable to owners of the parent company	(19,877.54)	3,859.88	(8,905.41)

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## LETTER FROM THE BOARD

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### *Application process of evaluation methods*

#### *(1) Ratio multiplier selection*

##### *(a) Types of value ratios*

A value ratio refers to a multiple ratio between asset value and indicators of its operational profitability, asset value, or other specific non-financial metrics. Commonly used value ratios include: Price-to-Book Ratio (P/B), Price-to-Earnings Ratio (P/E), Price-to-Sales Ratio (P/S), Enterprise Value to Earnings Before Interest and Taxes (EV/EBIT), Enterprise Value to Earnings Before Interest, Taxes, Depreciation, and Amortization (EV/EBITDA), and Enterprise Value to Sales Revenue (EV/S).

The core function of the P/E ratio lies in measuring sustainable value based on profitability. Currently, BAIC International is executing the Group's internationalization strategy, prioritizing resource allocation toward market expansion, channel development, and brand cultivation. At this stage, the company's profitability is constrained by the upfront impacts of its strategic transformation period and has not yet been fully realized. Its current profit levels inadequately reflect its long-term value as a strategic core platform, making the P/E ratio an unsuitable metric.

The P/S ratio is primarily applicable to high-growth enterprises where revenue scale drives core value. Although BAIC International has begun to generate preliminary business revenue, its income volume remains in the early stages of scaled development. As the core platform for BAIC Motor's passenger vehicle overseas expansion, its current revenue scale has not yet entered a stable growth phase. This makes it difficult to reflect the platform's potential and insufficient to capture the scale effects and synergistic value expected after capturing global regional market share. Therefore, the price-to-sales ratio is not suitable.

The P/B ratio aligns well with the value composition of asset-intensive businesses at their growth stage.

As a growth-oriented export trading platform, BAIC International's core value is embedded in its global operational assets. The P/B ratio effectively captures this value for the following reasons:

##### *(i) Alignment with trade business attributes*

BAIC International engages in vehicle export trade—an asset-driven business whose operations rely heavily on global regional channel networks, diversified inventory sources, and supply chain systems. This aligns with the valuation logic of the P/B ratio.

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## LETTER FROM THE BOARD

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(ii) Encompassing key value drivers

BAIC International's enterprise value stems not only from tangible assets on its balance sheet but also from its competitive systemic assets built through strategic upfront investments. These include: a) a mature global regional sales network; b) a stable overseas channel partner system; c) an efficient international supply chain and logistics management system; and d) substantial market share and nascent brand recognition established during the wave of Chinese brands going global.

These systemic assets form BAIC International's core competitive advantage. While their value is partially embedded in book assets, the P/B ratio provides a more comprehensive reflection of this value in market comparisons.

In summary, given BAIC International's developmental stage of "strategic transformation" and its "asset-intensive" business model, the P/B ratio is the most appropriate valuation metric among market-based approaches to reflect both its existing asset value and future platform potential. Therefore, this assessment employs the price-to-book ratio (P/B) for calculation. The P/B valuation model is as follows:

Total Equity Value of Target Company = (Net Assets of Target Company as of Valuation Date - Book Value of Non-Operating Assets and Liabilities) × Target Company P/B × (1 - Liquidity Discount) + Book Value of Non-Operating Assets and Liabilities

Where: Target Company P/B = Arithmetic average of adjusted comparable listed companies' P/B ratios

Adjustment factor for comparable listed companies' P/B =  $\frac{\text{Target Company P/B}}{\text{Adjustment factors for influencing factors } A_i}$

Adjustment Coefficient for Influencing Factor  $A_i$  = Target Company Coefficient / Comparable Listed Company Coefficient

(2) *Adjustment and determination of value ratios*

(a) Determination of adjustment factors

In determining adjustment factors for the market approach value ratio, to comprehensively analyze and present differences between the subject entity and comparable listed companies, this assessment selects five dimensions for analysis: asset scale, profitability, growth potential, debt-paying capacity, and operational efficiency.

## LETTER FROM THE BOARD

### (b) Explanation of comparative factor adjustments

All indicators are adjusted for comparison using the target company as the benchmark (100 points). The coefficients for each indicator of comparable listed companies are determined relative to the target company. Indicators with coefficients inferior to the target company receive scores below 100, while those superior to the target company receive scores above 100.

$$\text{Adjustment Factor} = 100 / \text{Comparable Listed Company Score}$$

### (c) Determination of adjustment coefficients

Key parameter data selected for this adjustment are as follows:

Adjustment Factor	Indicator Description	BAIC International	QuanXinHao	Zhangzhou Development	Shenhua Holdings
Asset Scale	Total Assets (RMB'0000)	371,175.88	37,054.32	1,242,280.20	287,881.51
	Net Assets Attributable to Parent Company (RMB'0000)	92,771.57	18,267.26	333,951.88	73,098.65
Profitability	Net Profit Margin	0.39%	0.82%	3.56%	-3.15%
	Gross Profit Margin	10.46%	11.32%	18.44%	3.40%
	Return on Assets (ROA)	0.33%	0.92%	0.42%	-3.09%
	Return on Equity (ROE)	1.33%	1.87%	1.56%	-12.18%
Growth	Revenue CAGR	28.65%	10.73%	-13.17%	-18.42%
Potential	Net Profit CAGR	23.76%	-186.09%	-11.74%	-19.81%
	Total Assets CAGR	39.80%	1.52%	11.56%	-8.75%
	Market Capitalization (RMB'0000)	315,210.58	248,873.35	620,869.81	392,542.24
Debt-paying capacity	Debt-to-Asset Ratio	75.01%	46.81%	67.89%	70.67%
	Current Ratio	136.48%	162.43%	81.98%	121.33%
	Quick Ratio	68.83%	128.06%	76.43%	55.57%
Operating Efficiency	Total Asset Turnover Ratio	75.23%	86.99%	15.19%	104.45%
	Accounts Receivable Turnover Ratio	841.52%	789.14%	98.16%	1,947.20%
	Inventory Turnover Ratio	117.34%	616.14%	560.20%	383.68%
	Current Asset Turnover Ratio	75.37%	127.39%	44.70%	200.38%

### (i) Asset scale

Asset scale is primarily assessed through a comprehensive comparative analysis of the target enterprise and comparable listed companies based on total assets, net assets, and other metrics. Generally, asset scale exhibits a positive correlation with enterprise value; larger asset scale results in higher scores.

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## LETTER FROM THE BOARD

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In this valuation, both the target enterprise and comparable listed companies utilize the total assets and net assets as of the valuation date.

(ii) Profitability

Profitability is comprehensively assessed and analyzed by comparing the target company and comparable listed companies from perspectives such as net profit margin, gross profit margin, return on total assets, and return on net assets. Generally, profitability is positively correlated with enterprise value; stronger profitability results in a higher score.

In this valuation, both the target enterprise and comparable listed companies utilize the net profit margin on sales, gross profit margin on sales, return on total assets, and return on net assets as of the valuation date.

(iii) Growth potential

Growth potential was comprehensively evaluated by comparing the target company and comparable listed companies based on market capitalization size, compound annual growth rate (CAGR) of operating revenue, CAGR of net profit, and CAGR of total assets. Generally, growth potential exhibits a negative correlation with market capitalization: lower market capitalization correlates with higher price-to-book ratios, while higher market capitalization correlates with lower price-to-book ratios. Companies with stronger growth potential received higher scores.

For this assessment, the target company's market capitalization is based on the valuation results as of the benchmark date, while comparable listed companies use the total market capitalization corresponding to the average share price over the preceding 30 days.

For the compound growth rates of operating revenue, net profit, and total assets, both the target company and comparable listed companies used the three-year compound growth rate in this assessment.

(iv) Debt-paying capacity

Debt-paying capacity is comprehensively analyzed and compared between the target enterprise and comparable listed companies primarily through metrics such as the debt-to-asset ratio, current ratio, and quick ratio. Generally, debt-paying capacity is positively correlated with enterprise value, and stronger debt-paying capacity results in a higher score.

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## LETTER FROM THE BOARD

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For this assessment, both the target enterprise and comparable listed companies used the debt-to-asset ratio, current ratio, and quick ratio as of the valuation benchmark date.

(v) Operational capacity

Operating capacity is comprehensively assessed and compared between the target enterprise and comparable listed companies primarily through metrics such as asset turnover rate. Generally, operating capacity is positively correlated with enterprise value, and stronger operating capacity results in a higher score.

In this assessment, both the target company and comparable listed companies utilized the total asset turnover ratio, accounts receivable turnover ratio, and inventory turnover ratio as of the Valuation Benchmark Date.

Based on the above principles, the scoring for relevant indicators between the target company and comparable listed companies is as follows:

Adjustment Factors	BAIC International	QuanXinHao	Zhangzhou Development	Shenhua Holdings
Asset Size	100	99	102	100
Profitability	100	100	101	98
Growth Potential	100	99	91	96
Debt Repayment				
Capacity	100	118	98	99
Operating Ratio	100	125	117	117

The adjustment table for correction factors is as follows:

Correction Factor	BAIC International	QuanXinHao	Zhangzhou Development	Shenhua Holdings
Asset Size	1.0000	1.0101	0.9804	1.0000
Profitability	1.0000	1.0000	0.9901	1.0204
Growth Potential	1.0000	1.0101	1.0989	1.0417
Debt Repayment				
Capacity	1.0000	0.8475	1.0204	1.0101
Operating Ratio	1.0000	0.8000	0.8547	0.8547
<b>Adjustment Factor</b>	<b>1.0000</b>	<b>0.6918</b>	<b>0.9303</b>	<b>0.9177</b>

(3) *Determination of comparable listed company value ratios*

Comparable listed companies' P/B ratio is determined based on the average stock price over the 30 trading days preceding the valuation benchmark date and the total share capital as of the valuation benchmark date. Details are as follows:

## LETTER FROM THE BOARD

Item	Comparable Company 1	Comparable Company 2	Comparable Company 3
Stock Code	000007.SZ	000753.SZ Zhangzhou	600653.SH Shenhua
Stock Abbreviation	QuanXinHao	Development	Holdings
30-Day Average Price	7.43	6.94	2.13
Total Shares Outstanding (10,000 shares)	34,644.80	99,148.11	194,638.03
Total Market Value (RMB'0000)	248,873	620,870	392,542

*Data Source:* Wind Information

### (4) Determination of target company value ratios

The target company's price-to-book ratio (P/B) is determined by adjusting the P/B ratios of comparable listed companies and calculating the arithmetic mean of their adjusted P/B ratios. Details are as follows:

Item	Comparable Company 1	Comparable Company 2	Comparable Company 3
Stock Code	000007.SZ	000753.SZ Zhangzhou	600653.SH Shenhua
Stock Abbreviation	QuanXinHao	Development	Holdings
Price-to-Book Ratio (PB) (Before Adjustment)	25.58	2.33	7.69
Adjustment Factor	0.6918	0.9303	0.9177
Price-to-Book Ratio (PB) (Adjusted)	17.70	2.17	7.05
<b>Average Price-to-Book Ratio (PB) (Adjusted)</b>		<b>8.97</b>	

The target company's adjusted price-to-book ratio (P/B) is calculated as 8.97.

### (5) Determination of liquidity discount rate

The comparable listed companies selected for this analysis are all publicly traded entities with highly liquid shares. Since the subject of valuation is a non-listed company, a lack of market liquidity discount must be considered. Market liquidity refers to the ability to buy or sell securities swiftly at low transaction costs without impediment in a specific market. The lack of market liquidity discount is based on the valuation of the subject company derived from the trading prices of the listed companies' circulating shares.



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## LETTER FROM THE BOARD

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The market liquidity discount quantifies the degree of liquidity impairment relative to more liquid investments. A certain level or percentage of market liquidity discount should be deducted from the equity value to reflect this absence of market liquidity.

By collecting and analyzing price-to-earnings ratios (P/E ratios) from non-listed company M&A cases, then comparing them with P/E ratios of listed companies during the same period, the discount rate for lack of marketability can be estimated based on the difference between these two types of P/E ratios.

Based on 717 non-controlling non-listed equity transaction cases in China's capital market during 2024, as published by property rights exchanges, CVSource, and Wind Information, the illiquidity discount rate was calculated at 28% by comparing the P/E ratio levels of non-listed equity transactions with those of listed companies in the same industry during the same period.

The Board considers the Valuation, including the selection of valuation approach and methodologies, the key inputs and the major assumptions, and the adoption of the income approach valuation as the final valuation, to be fair and reasonable on the following grounds: (i) the Independent Valuer adopted both the income approach and the market approach in conducting the Valuation, which are internationally recognised valuation methodologies commonly used for valuing equity interests in companies, and the dual approach provides a comprehensive assessment of the fair value of the Equity Interests; (ii) the key inputs and assumptions adopted in the income approach, including the discount rate, terminal growth rate, revenue growth rates, gross profit margins and capital expenditure projections, have been determined based on industry benchmarks, historical financial performance of BAIC International, and reasonable commercial assumptions regarding future business development, and are consistent with prevailing market practice for valuations of this nature; (iii) the key inputs used in the market approach, including the selection of comparable companies and the determination of the price-to-book ratios, have been based on publicly available market data of companies with similar business operations and characteristics to BAIC International, with appropriate adjustments made to account for differences in scale, profitability and market positioning; (iv) the Valuation has been conducted in accordance with the applicable PRC asset valuation standards and regulatory requirements for state-owned enterprise transactions; and (v) the income approach, which was adopted as the final valuation methodology, is considered more appropriate as it reflects the future earnings potential and cash flow generation capability of BAIC International based on its specific business operations, financial performance and market conditions. By projecting BAIC International's future earnings and discounting them to their present value, the income approach can reasonably capture the incremental value expected to arise from the expansion of PRC-branded vehicles into new markets, the deepening of sales channels and the realisation of economies of scale. This aligns more closely with BAIC International's asset characteristics as a growth-oriented export

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## LETTER FROM THE BOARD

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platform and its business nature as a trading-focused enterprise. In contrast, although the market approach involves necessary analysis and adjustments to the selected comparable companies, there remain differences that are difficult to quantify fully in areas such as business mix, product portfolio, sales model and regional market strategy. As a result, compared with the income approach, the results of the Valuation under the market approach is less able to capture in a comprehensive and precise manner BAIC International's distinctive business model and its scalable growth trajectory. Accordingly, the market approach is primarily used as a cross-reference to validate the reasonableness of the results of the Valuation using the income approach.

The Board is also satisfied that the Independent Valuer is competent and qualified to perform the Valuation on the basis that: (i) the Independent Valuer is a qualified asset valuation firm registered in the PRC with the requisite qualifications and licenses to conduct asset valuations for state-owned enterprise transactions; (ii) the Independent Valuer has extensive experience in conducting valuations of equity interests in companies in the automotive and related industries; (iii) the Independent Valuer is independent from the Company, BAIC Group and BAIC International and has no material interest in the Disposal; and (iv) the Valuation has been prepared in accordance with applicable PRC valuation standards and has been filed with and accepted by the relevant PRC state-owned assets supervision and administration authorities as required under applicable PRC laws and regulations.

### **(6) Reasons for and Benefits of the Disposal and the Impact on the Company**

In 2025, China's automotive export market maintained robust growth. From January to October, national automobile exports reached 5.616 million units, representing a year-on-year increase of 15.7%. To further advance our internationalisation strategy and actively capitalise on overseas expansion opportunities, the Company decided to dispose of 51% of the equity interests in BAIC International to BAIC Group, introducing BAIC Group as a shareholder of BAIC International. After completion of the Disposal, the Company will, on the one hand, leverage BAIC Group's platform advantages to comprehensively empower BAIC International's operations in overseas product development, brand building, investment and financing, thereby providing robust group-level resource support for the accelerated advancement of the Company's internationalisation strategy, and will, on the other hand, retain 49% of the equity interests in BAIC International, enabling it to continue sharing in the long-term dividends generated by BAIC International's high-quality development.<sup>(1)</sup>

#### *Note:*

- (1) As at the Latest Practicable Date, BAIC International has not declared or distributed any dividends in prior years due to accumulated losses from previous financial years. BAIC International has adopted a dividend policy pursuant to which, any after-tax profits remaining after offsetting accumulated losses from prior financial years and making requisite appropriations to statutory reserves shall be distributed to shareholders in proportion to their respective shareholdings. It is reasonably expected that, in view of BAIC International's continued high quality development, upon the elimination of historical accumulated losses, the Company will be able to benefit from dividend distributions as a 49% shareholder of BAIC International in the future, thereby achieving the long-term dividend benefits.

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## LETTER FROM THE BOARD

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After completion of the Disposal, BAIC International will be owned as to 51% by BAIC Group and 49% by the Company, and BAIC International will cease to be a subsidiary of the Company and its financial results will no longer be consolidated in the Group's accounts.

Based on the consideration of the Equity Interests under the Equity Acquisition Agreement, the Company expects to recognise a pre-tax disposal gain of approximately RMB2.2 billion before costs and expenses in relation to the Disposal, representing the difference between (i) the sum of the consideration in relation to the Disposal and the fair value of the remaining 49% of the equity interests in BAIC International, and (ii) the sum of the share of BAIC International's net assets (calculated on a continuous basis from the acquisition date) attributable to the original equity interests (i.e., 100%) held by the Company and the goodwill. The actual effect of the Disposal on the consolidated financial statements of the Group is to be determined at completion and subject to audit.

The Company intends to use the proceeds from the Disposal to strengthen the general working capital of the Group and actively promote the development of the Group's business, so as to enhance the Company's core competitiveness and development capabilities.

### **(7) Implications under the Listing Rules**

As at the Latest Practicable Date, BAIC Group is the sole controlling shareholder of the Company and holds approximately 46.90% of the total issued share capital of the Company, thus it is a connected person of the Company. As one or more of the applicable percentage ratios in respect of the Disposal exceeds 5% but all of them are less than 25%, the Disposal constitutes a discloseable and connected transaction of the Company which is subject to reporting, announcement, circular and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

## **2. Proposed Appointment of Directors**

Reference is made to the announcement of the Company dated 30 November 2025 in relation to (among other things) the proposed appointment of Directors and members of the committees of the Board.

The Board resolved to appoint (i) Mr. Gu Xin (顧鑫) as a non-executive Director and a member of each of the Strategy and Sustainability Committee and the Audit Committee; (ii) Mr. Chen Geng (陳更) as an executive Director and a member of each of the Strategy and Sustainability Committee, the Remuneration Committee and the Nomination Committee; and (iii) Ms. Zhu Yan (朱雁) as an executive Director and a member of the Strategy and Sustainability Committee, all for a term commencing from the date of approval at the EGM until the expiration of the term of the fifth session of the Board.

The biographical details of each of Mr. Gu Xin, Mr. Chen Geng and Ms. Zhu Yan required to be disclosed pursuant to the Rule 13.51(2) of the Listing Rules are as follows:

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## LETTER FROM THE BOARD

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### **(1) Mr. Gu Xin**

Mr. Gu Xin, born in September 1976, is a master of business administration. He currently serves as the secretary to the board of directors and the director of the capital operation department (the office of the board of directors) of BAIC Group, and the secretary of the party committee and the director of BAIC Group Industrial Investment Co., Ltd. (北京汽車集團產業投資有限公司).

Mr. Gu Xin has extensive experience in capital operation and enterprise management and he has successively served as a director of the capital operations department at BAIC Group, a director of BAIC BluePark New Energy Technology Co., Ltd. (北汽藍谷新能源科技股份有限公司), a director of Beiqi Foton Motor Co., Ltd. (北汽福田汽車股份有限公司) and a director of Bohai Automotive Systems Co., Ltd. (渤海汽車系統股份有限公司).

### **(2) Mr. Chen Geng**

Mr. Chen Geng, born in June 1976, is a master of management. He is currently the deputy secretary of the party committee of the Company.

Mr. Chen Geng possesses extensive corporate management experience. He successively served as the deputy secretary of the party committee and the president of Beijing Hainachuan Automotive Parts Co., Ltd. (北京海納川汽車部件股份有限公司), and the secretary of the party committee and the chairman of Bohai Automotive Systems Co., Ltd..

### **(3) Ms. Zhu Yan**

Ms. Zhu Yan, born in December 1986, is a master of business administration and is a senior accountant. She is currently the vice president and the chief financial officer of the Company.

Ms. Zhu Yan has extensive experience in financial management. She successively served as a junior auditor and a senior auditor of Ernst & Young Hua Ming, a senior commissioner, manager, senior head of financial analysis and vice head of the finance department of BAIC Group and a supervisor of the Company.

Save as disclosed above, each of Mr. Gu Xin, Mr. Chen Geng and Ms. Zhu Yan confirmed that, (i) he/she does not hold any other positions in the Company or any of its subsidiaries and also has not served as a director in any other listed companies in the past three years; (ii) he/she does not have any relationship with any other directors, supervisors, senior management or substantial or controlling shareholders of the Company or any of its subsidiaries; (iii) he/she does not have any interest in any shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as at the Latest Practicable Date; (iv) there is no other information that needs to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules; and (v) there are no other matters concerning the appointment of each of them as a Director that need to be brought to the attention of the Shareholders.

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## LETTER FROM THE BOARD

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If the proposed appointment of each of Mr. Gu Xin, Mr. Chen Geng and Ms. Zhu Yan as a Director is approved at the EGM, the Company will enter into relevant Director's service contract with each of them as soon as possible. Each of them will not receive any remuneration from the Company for his/her role as a Director.

### **3. Proposed Amendments to the Rules of Procedures for the Shareholders' Meetings**

Reference is made to the announcement of the Company dated 21 November 2025, in relation to (among other things) the proposed amendments to the Rules of Procedures for the Shareholders' Meetings.

Pursuant to the proposed amendments to the Articles of Association as mentioned below, the Board resolved to propose to make amendments to the Rules of Procedures for the Shareholders' Meetings accordingly.

The amended Rules of Procedures for the Shareholders' Meetings will become effective from the date of approval by the Shareholders at the EGM. Prior to that, the existing Rules of Procedures for the Shareholders' Meetings shall remain effective.

The details of specific proposed amendments are set out in Appendix VI to this circular.

### **4. Proposed Amendments to the Rules of Procedures for the Board**

Reference is made to the announcement of the Company dated 21 November 2025, in relation to (among other things) the proposed amendments to the Rules of Procedures for the Board.

Pursuant to the proposed amendments to the Articles of Association as mentioned below, the Board resolved to propose to make amendments to the Rules of Procedures for the Board accordingly.

The amended Rules of Procedures for the Board will become effective from the date of approval by the Shareholders at the EGM. Prior to that, the existing Rules of Procedures for the Board shall remain effective.

The details of specific proposed amendments are set out in Appendix VII to this circular.

## **SPECIAL RESOLUTION**

### **5. Proposed Amendments to the Articles of Association**

Reference is made to the announcement of the Company dated 21 November 2025, in relation to (among other things) the proposed amendments to the Articles of Association.

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## LETTER FROM THE BOARD

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In order to better satisfy the requirements of corporate governance and compliance operations, it is proposed that the Articles of Association be amended pursuant to the Company Law of the PRC, the latest Guidelines on the Articles of Listed Companies (《上市公司章程指引》), the consultation conclusions of the Proposals to Further Expand the Paperless Listing Regime and Other Rule Amendments published by Stock Exchange and in light of the actual situations of the Company. Upon taking effect of the amendments to the Articles of Association, the Board of Supervisors shall be formally dissolved, with its relevant responsibilities assumed by the Audit Committee and the duties of supervisors of the members of the original Board of Supervisors shall be naturally dispensed with. The rules of procedures for the Board of Supervisors shall be repealed simultaneously.

The amended Articles of Association will become effective from the date of approval by the Shareholders at the EGM. Prior to that, the existing Articles of Association shall remain effective.

The details of specific proposed amendments are set out in Appendix V to this circular.

### III. VOTES BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at the EGM must be taken by poll. Therefore, the resolutions set out in the notice 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 published on the HKEXnews website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company after the conclusion of the EGM.

Considering that BAIC Group, being a controlling Shareholder, is a party to the Equity Acquisition Agreement, each of the relevant Directors, as disclosed in the announcement of the Company dated 21 November 2025, has abstained from voting on the Board resolution for approving the Disposal. Save for the above, none of the other Directors has any interest in the Disposal.

Meanwhile, BAIC Group is the sole controlling shareholder of the Company and thus it is a connected person of the Company. Therefore, BAIC Group is deemed to have material interests in the Equity Acquisition Agreement and the Disposal. As a result, BAIC Group and its associates are required to abstain from voting on the resolution in relation to the Disposal at the EGM. As at the Latest Practicable Date, BAIC Group and its associates directly and indirectly held 3,758,798,622 Domestic Shares (representing approximately 46.90% of the total issued share capital of the Company) with voting right.

To the best knowledge of the Directors and having made all reasonable enquiries, save for the above Shareholder and its associates, no Shareholders have material interests in the abovementioned matters and are required to abstain from voting on the relevant resolutions to be proposed at the EGM.

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## LETTER FROM THE BOARD

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### IV. 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 Equity Acquisition Agreement and the Disposal; and (ii) the letter from Everbright Capital set out in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders on the same matter, as well as the principal factors and reasons taken into account by Everbright 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 and also excluding those Directors who have abstained from voting as further detailed above) are of the view that while the Disposal is not conducted in the ordinary and usual course of business of the Company, the terms and conditions of the Equity Acquisition Agreement are on normal commercial terms or better terms, fair and reasonable, and are in the interests of the Company and the Shareholders taken as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

In addition, the Board considers that the other resolutions are also in the interests of the Company and the Shareholders taken as a whole, and thereby recommends the Shareholders to vote in favour of the other resolutions at the EGM.

### V. THE EGM

The notice of the EGM to be held at 9:30 a.m. on Monday, 29 December 2025 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 is set out on pages EGM-1 to EGM-2 of this circular. The proxy form for use at the EGM is published on the HKEXnews website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company.

Whether you wish to attend the EGM or not, holders of H Shares are requested to complete and return the proxy form in accordance with the instructions stated 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 proxy form shall be returned to the Board of Directors' Office at Room 3-038, 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 no later than 24 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

### VI. 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 Monday, 22 December 2025 to Monday, 29 December 2025 (both days inclusive), during which period no transfer of Shares



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## LETTER FROM THE BOARD

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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 December 2025 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 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 no later than 4:30 p.m. on Friday, 19 December 2025 or China Securities Depository and Clearing Corporation Limited at 23 Floor, Shenzhen Stock Exchange Square, Futian District, Shenzhen, Guangdong Province, the PRC for holders of Domestic Shares no later than 4:00 p.m. on Friday, 19 December 2025.

By Order of the Board  
**BAIC Motor Corporation Limited**  
**Wang Hao**  
*Chairman of the Board*

10 December 2025





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)

10 December 2025

*To the Independent Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO  
THE DISPOSAL OF 51% OF THE EQUITY INTERESTS  
IN A WHOLLY-OWNED SUBSIDIARY**

We refer to the circular of the Company dated 10 December 2025 (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 (i) whether the Equity Acquisition Agreement and the Disposal contemplated thereunder are entered into in accordance with normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether the Disposal is in the best interest of the Company and the Shareholders taken as a whole and is conducted in the ordinary and usual course of business of the Group.

Everbright Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the Equity Acquisition Agreement and the Disposal are entered into in accordance with normal commercial terms are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether the Disposal is in the best interest of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group. The text of the letter of advice from Everbright Capital containing their recommendations and the principal factors they have taken into account in arriving at their recommendations is set out on pages 49 to 78 of this circular.

The Independent Shareholders are recommended to read the letter of advice from Everbright Capital, the letter from the Board contained in the Circular as well as the additional information set out in the Appendix IV to this circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the Equity Acquisition Agreement and the Disposal, the interests of the Independent Shareholders and the advice of Everbright Capital, we are of the opinion that while the entering into of the Equity Acquisition Agreement is not in the ordinary and usual course of business of the Company, the Equity Acquisition Agreement was entered into after arm's length negotiation and is on normal commercial terms, and the terms of the Disposal 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 taken 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 Equity Acquisition Agreement and the Disposal contemplated thereunder.

Yours faithfully,  
For and on behalf of  
Independent Board Committee

**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*

**Mr. Ji Xuehong**  
*Independent Non-executive  
Director*

\* For identification purpose only

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## LETTER FROM EVERBRIGHT CAPITAL

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*Set out below is the text of a letter received from Everbright Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the discloseable and connected transaction in relation to the disposal of 51% of the equity interests in a wholly-owned subsidiary for the purpose of inclusion in this circular.*



33/F, Everbright Centre  
108 Gloucester Road  
Wan Chai  
Hong Kong

10 December 2025

*To: The Independent Board Committee and the Independent Shareholders of  
BAIC Motor Corporation Ltd.*

Dear Sir/ Madam,

### **DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF 51% EQUITY INTEREST IN A WHOLLY-OWNED SUBSIDIARY**

#### **INTRODUCTION**

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed disposal of 51% equity interest in a wholly-owned subsidiary, BAIC International (the “**Target Company**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 10 December 2025 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

On 21 November 2025, the Company and BAIC Group entered into the Equity Acquisition Agreement, pursuant to which the Company conditionally agreed to sell and BAIC Group agreed to purchase 51% equity interest in the Target Company at a consideration of RMB1,607.5740 million in cash. As at the Latest Practicable Date, BAIC Group is the sole controlling shareholder of the Company and holds approximately 46.90% of the total issued share capital of the Company, thus it is a connected person of the Company. As one or more of the applicable percentage ratios in respect of the Disposal exceeds 5% but all of them are less than 25%, the Disposal constitutes a discloseable and connected transaction of the Company which is subject to reporting, announcement, circular and Independent Shareholders’ approval requirements of Chapters 14 and 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Yin Yuanping, Mr. Xu Xiangyang, Mr. Tang Jun, Mr. Edmund Sit and Mr. Ji Xuehong has been established to advise the Independent Shareholders as to (i)

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whether the Equity Acquisition Agreement and the Disposal contemplated thereunder are entered into in accordance with normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned, and (ii) whether the Disposal is in the best interests of the Company and the Shareholders taken as a whole and is conducted in the ordinary and usual course of business of the Group. Everbright Capital Limited has been appointed by the Board with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

### OUR INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Everbright Capital was engaged as independent financial adviser in respect of the Company's major and continuing connected transactions with details set out in the Company's circular dated 30 September 2025. Save for the aforesaid engagement, there was no other service provided by Everbright Capital to the Company and BAIC Group or any of their respective associates during the past two years immediately preceding the Latest Practicable Date. Notwithstanding the aforesaid engagements, we were not aware of any relationship or interest between Everbright 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 Everbright 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 accuracy of the statements, information, opinions and representations contained or referred to in the announcement of the Company dated 21 November 2025, the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company (collectively, the "**Management**"). We have reviewed, among others, the Equity Acquisition Agreement, the annual report of the Company for the year ended 31 December 2024 (the "**2024 Annual Report**"), the interim report of the Company for the six months ended 30 June 2025, the financial information of the Target Company for the two years and nine months ended 30 September 2025 ("**9M2025**"), the Asset Valuation Report, certain corporate and financial information of the Company, and the information set out in the Announcement and the Circular. We have assumed that all information and representations that have been provided by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all material respects and not misleading or deceptive 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 representations made by the Management in the Circular and/or discussed with/ provided to us were reasonably made after due enquiries and careful consideration. We have no reason to suspect that any material facts or

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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, or the Management, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

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, financial condition and future prospects of the Company, BAIC Group and their respective associates, nor have we considered the taxation implication on the Company or the Shareholders as a result of the Disposal. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the facts, information, representations and opinions made available to us, at the Latest Practicable Date.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of approving the Disposal, and this letter, except for its inclusion in the Circular and for display on the websites of the Hong Kong Stock Exchange ([www.hkexnews.com.hk](http://www.hkexnews.com.hk)) and the Company ([www.baicmotor.com](http://www.baicmotor.com)) as required under the Listing Rules, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, we have taken into consideration the following factors and reasons:

#### 1. Background Information of the Parties Involved

##### *a. Information on the Company*

With reference to the letter from the Board, the Company was established in September 2010, and its H Shares were listed on the Main Board of the Hong Kong Stock Exchange in December 2014. The Company's brands cover joint venture premium passenger vehicles, joint venture premium multi-purpose passenger vehicles, joint venture mid-to high-end passenger vehicles, proprietary brand passenger vehicles and other vehicles.

Set out below is a summary of the financial results of the Company for the year ended 31 December 2023 and 2024 ("FY2023" and "FY2024", respectively) and the six months ended 30 June 2024 and 2025 ("6M2024" and "6M2025", respectively) as

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extracted from the annual report of the Company for FY2024 (“**2024 Annual Report**”) and the interim report of the Company for 6M2025 (“**2025 Interim Report**”), respectively:

	<b>FY2023</b>	<b>FY2024</b>	<b>6M2024</b>	<b>6M2025</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue	197,949,177	192,495,606	94,322,292	82,398,455
Gross profit	38,298,560	30,887,049	17,572,595	11,920,536
Profit for the period	13,626,309	9,832,859	6,866,298	3,774,388

### ***FY2023 and FY2024***

As set out in the 2024 annual report, the Group recorded: (i) revenue of approximately RMB192,495.6 million for FY2024, representing a decrease of approximately 2.8% compared to approximately RMB197,949.2 million for FY2023; (ii) profit for the period of approximately RMB9,832.9 million for FY2024, representing a decrease of approximately 27.8% compared to approximately RMB 13,626.3 million for FY2023. With reference to the 2024 Annual Report, the aforesaid decrease in revenue was mainly attributable to the decrease in sales volume of new energy vehicles (“**NEV**”), which was partially offset by the increase in sales volume of fuel vehicles. Revenue relating to fuel vehicles increased due to an increase in sales volume and changes in vehicle model mix, while NEV decreased due to the decrease in sales volume. Further, the aforesaid decrease in gross profit was mainly due to the decrease in sales volume and the increase in promotional activities.

### ***6M2024 and 6M2025***

As set out in the 2025 interim report, the Group recorded: (i) revenue of approximately RMB82,398.455 million for 6M2025, representing a decrease of approximately 12.6% compared to approximately RMB94,392.292 million for 6M2024; (ii) profit for the period of approximately RMB3,774.388 million for 6M2025, representing a decrease of approximately 45.1% compared to approximately RMB6,866.298 million for 6M2024. With reference to the 2025 Interim Report, the aforesaid decrease in revenue was primarily due to the impact of changes in price competition and sales decline. As advised by the management, the aforesaid decrease in revenue and gross profit is mainly due to a decrease in overall sales volume of Beijing Benz which is expected to ease in the second half of 2025.

### ***b. Information on BAIC Group***

With reference to the letter from the Board, BAIC Group is the sole controlling shareholder of the Company, being a state-owned enterprise wholly owned by Beijing State-owned Capital Operation and Management Company Limited (北京國有資本運營管理有限公司), and holds approximately 46.90% equity interest in the Company as at the

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Latest Practicable Date. BAIC Group is one of the main automobile manufacturing groups in China. It has now developed into a comprehensive and modern automobile conglomerate with a diversified business portfolio, integrating vehicle research and development and manufacturing, parts and components manufacturing, automobile service trade, education and investment and financing business, as well as incubation of new industries.

***c. Information on the Target Company***

With reference to the letter from the Board, BAIC International, a wholly-owned subsidiary of the Company as at the Latest Practicable Date and immediately prior to completion of the Disposal, is a limited liability company established in the PRC with a registered capital of RMB3,052,442,014. It is principally engaged in the overseas sales and distribution of the Company's self-branded passenger vehicles.

As the primary platform for the global business development of BAIC Group, the Target Company is positioned as an overseas trade platform and overseas integrated service provider. The Target Company aims to establish the international brand image of BAIC and promote the globalisation of BAIC Group.

In terms of product resources, the Target Company has established a relatively complete product development and commercial modification certification process system, leveraging BAIC Group's product resources. The available products include traditional fuel, hybrid, and new energy vehicle models. In marketing, sales channels have been developed in multiple key regions and countries worldwide. Overall, the Target Company's overseas business covers Asia, Africa, and the Americas, which are the primary markets for Chinese automobile exports.

The following table sets forth the financial information of BAIC International for the nine months ended 30 September 2025 and two years ended 31 December 2024 prepared in accordance with the China Accounting Standards for Business Enterprises:

***Summary of the Target Company's Financial Information***

	<b>For the year ended 31 December 2023</b>	<b>For the year ended 31 December 2024</b>	<b>As at 30 September 2025</b>
	<i>(RMB ten thousand, audited)</i>		
Revenue	327,328.47	297,836.23	312,121.03
Net profit before taxation	14,877.48	3,258.84	1,232.52
Net profit after taxation	14,877.48	3,258.84	1,232.52

We have discussed with the Management and understood that the decrease in revenue, operating profit and net profit is mainly due to the decrease in overall sales volume of the Target company, which is mainly attributable to global market volatility in 2024.



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## LETTER FROM EVERBRIGHT CAPITAL

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As at 30 September 2025, the Target Company's total assets amounted to approximately RMB3,711.76 million, which comprised mainly inventory of approximately RMB1,836.47 million, cash and cash equivalents of approximately RMB514.17 million and accounts receivable of approximately RMB448.06 million. The Target Company's total liabilities amounted to approximately RMB2,784.04 million, which mainly included accounts payables of approximately RMB1,881.28 million and contract liabilities of approximately RMB603.08 million. As at 30 September 2025, the audited net assets value of BAIC International was RMB927.72 million.

### **2. Reasons for and benefit of the Disposal**

As set out in the Letter from the Board, in 2025, China's automotive export market maintained robust growth. From January to October, national automobile exports reached 5.616 million units, representing a year-on-year increase of 15.7%. To further advance the Company's internationalization strategy and actively capitalise on overseas expansion opportunities, the Company decided to dispose of 51% of the equity interests in BAIC International to BAIC Group, introducing BAIC Group as a shareholder of BAIC International. After completion of the Disposal, the Group will, on the one hand, leverage BAIC Group's platform advantages to comprehensively empower BAIC International's operations in overseas product development, brand building, investment and financing, thereby providing robust group-level resource support for the accelerated advancement of the Company's internationalization strategy, and will, on the other hand, retain 49% of the equity interests in BAIC International, enabling it to continue sharing in the long-term dividends generated by BAIC International's high-quality development.

In view of the above, the Directors, considered the Equity Acquisition Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

Having considered, among others, (i) the disposal will enable the Company to reallocate its internal resources and better leverage BAIC Group's platform advantages; (ii) the Company is expected to record a gain from the Disposal, the details of which are further analysed under the section headed "5. Possible financial effects of the Disposal" in this letter; and (iii) the net proceeds are expected to enhance the Company's liquidity and working capital, we concur with the view of the Directors that the Disposal is in the interests of the Company and the Independent Shareholders as a whole.

### **3. Principal terms of the Equity Acquisition Agreement**

The principal terms and conditions of the Equity Acquisition Agreement are summarized below. Please refer to the "Letter from the Board" set out in the Circular for further details.

*Date*

21 November 2025 (after trading hours)



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### *Parties*

- (i) The Company (as vendor); and
- (ii) BAIC Group (as purchaser)

### *Disposal*

Subject to the terms and conditions under the Equity Acquisition Agreement, the Company has agreed to sell, and BAIC Group has agreed to purchase, 51% of the equity interests in BAIC International, together with the shareholders' equity attaching thereto, including but not limited to the right to asset returns, right to participate in major decisions, right to select management, and other shareholders' rights as provided under the Company Law of the People's Republic of China and the articles of association of BAIC International. After completion of the Disposal, BAIC International will be owned as to 51% by BAIC Group and 49% by the Company, and BAIC International will cease to be a subsidiary of the Company and its financial results will no longer be consolidated in the Group's accounts.

### *Consideration and Payment*

The consideration of the Equity Interests is RMB1,607.5740 million, representing the appraised value of the Equity Interests based on the Asset Valuation Report as filed with the competent organization. The consideration shall be paid by BAIC Group to the Company in cash in the following manner:

- (i) RMB803.7870 million, being 50% of the total consideration, representing the appraised value of the Equity Interests based on the Asset Valuation Report as filed with the competent organization, shall be paid by BAIC Group to the designated bank account of the Company as and when the Equity Acquisition Agreement is signed and becomes effective upon the date on which the Disposal has been approved by the Independent Shareholders; and
- (ii) RMB803.7870 million, being the remaining 50% of the total consideration, representing the appraised value of the Equity Interests based on the Asset Valuation Report as filed with the competent organization, shall be paid by BAIC Group to the designated bank account of the Company within one year from the effective date of the Equity Acquisition Agreement and after the completion of the registration procedures with the registration authority for the change of equity ownership in respect of the Equity.

### *Basis of Consideration*

The consideration of the Equity Interests was determined after arm's length negotiations between the Company and BAIC Group with reference to the appraised value of the Equity Interests as at the Valuation Benchmark Date as appraised by the Independent Valuer by adopting the income approach. According to the Asset Valuation

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Report, the appraised value of the entire shareholder's equity of BAIC International was RMB3,152.1058 million, and accordingly, the consideration of the Equity Interests is RMB1,607.5740 million.

### *Conditions Precedent*

Unless otherwise agreed upon by both parties, the closing of the Disposal is conditional upon the satisfaction of the following conditions:

- (i) all internal approval procedures and formalities for the authorisation of the Disposal, including but not limited to approval by the Independent Shareholders, having been fulfilled by the Company;
- (ii) all internal approval procedures and formalities for the authorisation of the Disposal having been fulfilled by BAIC Group; and
- (iii) necessary approvals or filings in connection with the Disposal as required by the competent state-owned assets supervision and management authorities, having been completed by the parties.

As the Disposal is subject to relevant rules and regulations governing the acquisition and disposal of state-owned assets, we consider it is common market practice to have the closing of the Disposal to be conditional upon obtaining administrative and regulatory approvals.

### **4. Valuation of Target Company**

CEA has been engaged by the Company to conduct a valuation (the “**Valuation**”) of the 100% equity interest in the Target Company (the “**Target Interest**”) on the Valuation Benchmark Date. According to the Asset Valuation Report, the Target Interest as at the Valuation Benchmark Date concluded by CEA by income approach was RMB3,152.1058 million (the “**Concluded Value**”) and 51% of the corresponding appraisal value is approximately RMB1,607.5740 million.

We note that the Valuation Benchmark Date is 30 September 2025. Based on our discussion with CEA and the Management, we concur with the Board's view that the Concluded Value remains valid and relevant to determine the consideration taking into account (i) the Target Company is principally engaged in international marketing and sales of finished passenger vehicles, and we understand from the Company that there have been no material changes in the internal and external operating environment of the Target Company since the Valuation Benchmark Date; (ii) based on our review of the financial information of the Target Company for 9M2025 and for FY2022/FY2023/FY2024 as well as the Forecast (as defined below), the Target Company is expected to have a relatively stable income and cost structure during the Forecast Period (as defined below); and (iii) according to Assets Valuation Practicing Standards– Assets Valuation Report (《資產評估執業準則– 資產評估報告》) issued by China Appraisal Society (中國資產評估協會), a national self-regulatory

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organization in the asset appraisal industry in the PRC and is supervised by the Ministry of Finance of the People's Republic of China, the valuation results are valid for one year before the date of economic activity (經濟行為實現日).

### *Competence of CEA*

We have reviewed and enquired the qualification and experience of CEA. We have (i) conducted a phone interview and reviewed certification and working experience of CEA to understand the qualification of CEA including its previous experience in conducting business valuation, as well as the valuation methodology adopted for the Valuation; and (ii) enquired whether CEA is independent to the Company. From information provided by CEA and based on our interview with CEA, we were satisfied with the terms of engagement of CEA as well as their qualification for preparation of the Asset Valuation Report. CEA also confirmed that they are independent to the Company.

### *Valuation methodologies*

CEA has considered three generally adopted valuation approaches, which are the income approach, market approach and cost approach (asset-based approach) in performing the Valuation. Based on the Asset Valuation Report, we note that CEA had conducted the Valuation by using both the income approach and market approach and the value of the Target Interest was finally concluded by CEA under the income approach.

### *Cost Approach*

We understand from CEA that the cost approach, which is a method of replacing the historical costs of the assets and liabilities shown in the statements of the financial position of the Target Company, primarily involves the assessment of assets and liabilities to appraise the business value of the valuation subject. However, the cost approach does not take into consideration of earnings potential and future development of the Target Company and hence is not adopted in the valuation of the Target Company.

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### *Market Approach*

Based on the Asset Valuation Report, the value of the Target Interest as at 30 September 2025 estimated by CEA was approximately RMB3,757.9178 million by using the market approach (the “**Market Approach Valuation**”)

Based on our review of the Asset Valuation Report and our discussion with CEA, we note that the selection of the comparable companies is principally based on the comparability of the overall industry sector and are listed on the Chinese capital markets. There are three comparable companies (the “**Comparable Companies**”) selected by CEA, namely Shenzhen Quanxinhao Co.,LTD (000007.SZ), Fujian Zhangzhou Development Co.,LTD (000753.SZ) and Liaoning Shenhua Holdings Co.,LTD. (600653.SH), which are public companies listed on the Shanghai and Shenzhen exchange.

Based on our review of the Asset Valuation Report and our discussion with CEA, we understand that the Comparable Companies vary from the Target Company in terms of main business and listing exchanges. CEA advised that it is common to consider a comprehensive set of comparable companies that engaged in similar businesses in Shanghai and Shenzhen stock exchange for the reason that the business of the Target Company is PRC-related. CEA after interviews and communications with the Target Company and on best effort basis identified 5 listed companies whose main business is recognized as marketing of automotive vehicle in Wind Financial Terminal, in Shanghai and Shenzhen stock exchange for reference and analysis. Among these 5 listed companies, CEA selected the Comparable Companies based on criteria that (i) the business model of Comparable Companies is similar to the Target Company, which includes sales and marketing of passenger vehicle; (ii) accounting policies, accounting periods are the same with the Target Company, (iii) Comparable Companies will have stable financial condition and operating continuity, (iv) Comparable Companies are with no material operational changes in recent years, and (v) Comparable Companies have been listed for at least two years. The Comparable Companies are the three companies among the 5 selected companies that fulfill the above 5 criteria at the same time.

To independently verify whether the 5 listed companies identified by CEA are sufficient and representative for further selection of the final Comparable Companies, We conducted our independent search on Bloomberg Terminal and Wind Financial Terminal on best effort basis based on the following criteria (i) the business includes sales and marketing of automobile vehicle; (ii) the listing exchange is Shanghai Stock Exchange, Shenzhen Stock Exchange or Beijing Stock Exchange; (iii) financial condition and operating continuity is stable, and identified 9 listed companies whose business includes automobile sales. Based on our discussion with CEA and further supporting documents, we note that the 5 listed companies are as below: Shenzhen Quanxinhao Co., LTD (000007.SZ), Fujian Zhangzhou Development Co., LTD (000753.SZ), Sinomach Automobile Co., Ltd (600335.SH), Liaoning Shenhua Holdings Co., LTD (600653.SH) and Beijing Bashi Media Co., LTD (600386.SH). The table below illustrates the details of the reason that the company have or have not been distinguished as appropriate or not comparable companies:

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	Company Name	Stock Code	Included in CEA Selected Listed Companies (Yes/No)	Main Reason
1	ShenZhen QuanXinHao Co Ltd	000007.SZ	Yes	–
2	Fujian Zhangzhou Development Co Ltd	000753.SZ	Yes	–
3	Liaoning Shenhua Holdings Co.,Ltd	600653.SH	Yes	–
4	Sichuan Haowu Electromechanical Co., Ltd	000757.SZ	No	Actual business segments are materially different. Please see reply below for detailed reason
5	Sinomach Automobile Co., Ltd	600335.SH	No	Actual business segments are materially different. Please see reply below for detailed reason
6	Hunan Dezhong Automobile Sales and Service Co., Ltd	838030.NQ	No	not listed in Shanghai or Shenzhen Stock Exchange
7	Beijing Bashi Media Co., Ltd	600386.SH	No	Actual business segments are materially different. Please see reply below for detailed reason.
8	Shanghai Material Trading Co., Ltd	600822.SH	No	The revenue share of the automobile sales is relatively low
9	Xiamen Xindeco. Ltd	000701.SZ	No	The revenue share of the automobile sales is relatively low

The main business of Sichuan Haowu Electromechanical Co., Ltd. is distribution of vehicles and internal combustion engine crankshaft manufacturing. According to the annual report of 2025, major part of the Non-current Assets including Property, Plant and Equipment, Right-of-Use Asset and Intangible Assets are adopted by internal combustion engine crankshaft manufacturing. As For the reason that Revised P/B Ratio is adopted for the Market Approach Valuation, the assets and liabilities of the business of distribution of vehicles cannot be properly distinguished between the business segments, the book value of Sichuan Haowu is not suitable for use to determine a reliable P/B ratio.

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Moreover, based on our discussion with CEA, the main business of 2 companies that not fulfill the above 5 criteria exhibits significant differences with Target Company. The details of other 2 companies that not fulfill the above 5 criteria are as below: The main business of Sinomach Automobile Co.,Ltd is automotive import and domestic distribution from oversea OEM to Chinese distributor, whose business model is relatively opposite with Target Company. The value chain, market and customers of Sinomach Automobile Co.,Ltd are significantly different with Target Company. The main business of Beijing Bashi Media Co.,LTD (600386.SH). is distribution of commercial vehicles. The value chain, market and customers of Sinomach Automobile Co.,Ltd are significantly different with Target Company.

We have reviewed the relevant information, including but not limited to Annual Reports and the respective business websites of all the 9 listed companies and the process of selection and exclusion by CEA, which we consider is reasonable.

Further, we note that CEA had considered tot expanding the list of comparable companies to international automotive distribution group or listing company on the Stock Exchange of Hong Kong. However, it is not is under a systematic consideration of CEA, which are not be regionalized considered as suitable method of for the determination of the comparable company base on the following reasons: (i) systematic differences between the market environment and the valuation logic domestically and overseas, (ii) the differences of business structure among the domestic and overseas companies.

We have reviewed the relevant information of all the Comparable Companies selected by CEA, including their respective principal businesses, principal operating locations and operating histories as disclosed in their respective published annual reports and noted that (i) the selection criteria of the Comparable Companies are fair and reasonable considering that such factors are similar to those of the operation of Target Company in terms of business operations; (ii) the business model of Comparable Companies is similar to Target Company, which includes sales of cars and marketing of automotive industry; (iii) accounting policies, accounting periods are the same with Target Company; and (iv) all Comparable Companies fall under the selection criteria of CEA. In addition, we searched listed companies in the Stock Exchange of Hong Kong and note that there are 5 more comparable companies. An analysis of the Valuation showed that the Comparable Companies adopted by CEA have a higher valuation, which is more beneficial to the Company and the Independent Shareholders. The analysis will be stated below.

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In addition, based on our discussion with CEA and review of the Asset Valuation Report, we note that CEA has considered value ratios commonly adopted in the market approach, including price and earnings ratio (P/E), price to book ratio (P/B), price to sales ratio (P/S). The P/B ratio was adopted in the Market Approach Valuation by CEA. Given that (i) consistent expectations for forecasting revenue and profit of Comparable Companies are lacking; and (ii) Target Company is operated as an export-oriented trading platform of automotive industry which the Company believes significant future potential and growth rate of revenue and profits, in which P/E and P/S ratio derived from historical financial data have difficulty in measuring the fair value of Target Company. We consider that P/B ratio is the more appropriate valuation parameter to be used to measure the value of the Target Company.

With reference to the letter from the Board, the core function of the P/E ratio lies in measuring sustainable value based on profitability. Currently, BAIC International is executing the Group's internationalization strategy, prioritizing resource allocation toward market expansion, channel development, and brand cultivation. At this stage, the company's profitability is constrained by the upfront impacts of its strategic transformation period and has not yet been fully realized. Its current profit levels inadequately reflect its long-term value as a strategic core platform, making the P/E ratio an unsuitable metric. The P/S ratio is primarily applicable to high-growth enterprises where revenue scale drives core value. Although BAIC International has begun to generate preliminary business revenue, its income volume remains in the early stages of scaled development. As the core platform for BAIC Motor's passenger vehicle overseas expansion, its current revenue scale has not yet entered a stable growth phase. This makes it difficult to reflect the platform's potential and insufficient to capture the scale effects and synergistic value expected after capturing global regional market share. Therefore, the price-to-sales ratio is not suitable.

Based on the Asset Valuation Report and our discussion with the CEA, we note that P/E ratio lies in measuring profitability-based sustainable value. Target Company is implementing international strategic layout currently, with its resource allocation prioritizing market development, channel construction, and brand internationalization. the profitability of company is preliminarily impacted by the strategic transformation phase and has not yet been fully unleashed. The current profit level hardly reflects its long-term value as a strategic core platform and the significant future potential growth rate of the Target Company. Hence, it is not appropriate to adopt the P/E ratio. We note that P/S ratio is mainly applicable to high-growth enterprises with revenue scale as the core value driver. The current revenue scale of Target Company has not entered a stable growth phase, which can hardly reflect the significant future potential growth of Target Company and is insufficient to embody the economies of scale and value after it captures global regional market share in the future. Hence, it is not appropriate to adopt the P/S ratio.

Moreover, we have searched the consistent expectations for forecasting revenue and profit of Comparable Companies by Bloomberg and Wind Financial Terminal. And no query results regarding the aforementioned information were obtained.



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Furthermore, to enhance the accuracy of valuation of Target Company, non-operating assets and liabilities of the Target Company are excluded from book value of net assets under Market Approach in the Asset Valuation Report. Based on the Asset Valuation Report, the P/B ratio (“**Revised P/B Ratio**”) is calculated as the ratio of the price per share to operating assets, which is the difference between net assets and non-operating assets and liabilities (defined below), per share. The model of total value shareholders’ equity of Target Company under Market Approach is as follows:

$$E=(A-B) \times \text{P/B ratio} \times (1-\text{DLOM})+B$$

E: total value of shareholders’ equity;

A: net assets of Target Company;

B: non-operating assets and liabilities defined by CEA, which are derived by Cash and Cash Equivalents, Other Equity Instruments Investment, Dividends Payable and Provisions from financial data of the Target Company at Valuation Benchmark Date and adjusted with business and financial characteristics by CEA;

P/B ratio: Revised P/B ratio adopted by CEA, detailed below;

DLOM: Lack of Marketability Discount, defined below.

We note that the financial data of the Target Company applied for the calculation of Revised P/B Ratio is based on the audited financial data of the Target Company at Valuation Benchmark Date. Based on the Asset Valuation Report, Revised P/B ratio adopted for the Market Approach Valuation is 8.97 times, which was determined with reference to the Revised P/B Ratio of each Comparable Company calculated based on their respective published financial information for the two years and nine months ended 30 September 2025, and was further adjusted by the adjustment factors (determined and assessed by CEA based on its professional judgement) in total assets, net assets attributable to the parent company, net profit margin on sales, return on equity, total asset turnover ratio, current asset turnover ratio, compounded revenue growth rate, compounded gross profit margin growth rate, gearing ratio and current ratio of these Comparable Companies to account for the differences in, among others, profitability, operation capacity, assets size and growth potential etc. of the Comparable Companies as compared to that of the Target Company. In details, P/B ratios will be adjusted downward if the Comparable Companies have (i) smaller total asset scale, (ii) lower net profit margin on sales, (iii) smaller market capitalization, (iv) lower inventory turnover ratio, and (v) higher debt-to-asset ratio, which is market practice and which we consider is reasonable. Based on our discussion with CEA, as it is relatively difficult to find comparable evidence that exactly matches the assets/business being valued, it is common market practice for professional valuer to apply some adjustments in comparable analysis in order to allow for differences in the various factors that may affect value. Such adjustments may require the valuer to make a qualitative judgement based on experience and professional knowledge without direct evidence to quantify the degree of adjustment required.

Furthermore, based on our discussions with the CEA and additional supporting documentation, we observe that the adjustment factors are derived from five distinct categories of indicators. Each category comprises specific indicators with assigned



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weights, all of which undergo normalization. The value of these specific indicators for comparable companies is determined by the relative volatility of the comparable ratio—specifically, the ratio of a comparable company’s indicator to that of the target company, compared against the ratios of the same indicator across all comparable companies. Correction factors, which establish the upper limit of the comparable ratio and are approved by the CEA, also influence this calculation. The adjusted factor is computed as the reciprocal of the product of all indicator categories. Through our independent verification by replicating the P/B ratio adjustment process, we confirm that this adjustment process is both quantifiable and decomposable.

We have engaged in discussions with the CEA and observed that the application of adjustment factors in valuation is well-established, systematic, and widely applicable. The methodology for selecting indicators is largely consistent across contexts. Weights are determined by considering the applicability and significance of each indicator relative to the valuation target. Correction factors are calculated automatically, with the adjustment limit set by all applicable corrections ranging from -43% to 75%. However, the actual adjustment range typically falls within -20% to 20%. Based on our analysis, we consider the assigned weights and correction factors to be fair and appropriate.

Based on the Asset Valuation Report and our discussions with the CEA, we observe that the Revised P/B ratios (prior to adjustments by adjustment factors) for the Comparable Companies are 25.58 times, 2.33 times, and 7.69 times, respectively. These ratios align closely with the asset-intensive business nature of the Target Company and reflect its value composition during the growth stage. Due to the scarcity of fully appropriate Comparable Companies, the CEA has adjusted the P/B ratios on a best-efforts basis to ensure comparability.

DLOM (Lack of Marketability Discount) of 28% (which was determined by CEA with reference to 717 non-controlling unlisted equity transactions in China’s capital market in 2024, as well as the analysis and recent research findings from CEA’s in-house research department) was applied by CEA to adjust for the marketable interest value of the Target Interest that is not publicly tradeable.

We note that the value of the Target Interest as at 30 September 2025 under the Market Approach Valuation is 19.22% higher than that of the income approach. As discussed with CEA, CEA is of the view that despite the existence of appropriate market comparable companies which are either similar or comparable to the Target Company, the market approach determines the value of the Target Interest through comparable company method and there are certain uncertainties in the market approach outcomes which cannot be addressed given the variations in comparable components are affected by different regional markets, listing exchanges faced by the comparable companies, and their respective operations, business model, and product structure. As such, the value of the Market Approach Valuation is not adopted in the Valuation.

Based on the Asset Valuation Report and our discussions with the CEA, we have identified three key characteristics of the Target Company: (i) it serves as the exclusive sales platform for a Chinese automotive brand; (ii) it focuses on sales in overseas

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markets; and (iii) its business is expected to achieve relatively high growth. In contrast, the business models of the Comparable Companies primarily concentrate on vehicle distribution and do not share any of these three key characteristics. Consequently, the adjustment factors cannot be effectively applied to mitigate the uncertainties arising from differences in sales region, client base, value chain, and business structure between the Target Company and the Comparable Companies.

Moreover, based on our discussions with the CEA, we observe that a common industrial structure in the automobile industry leads to overseas sales operations typically being handled by unlisted companies within OEM groups. In contrast, independently listed automobile sales companies predominantly focus on domestic markets. Consequently, comparable companies whose core business involves passenger vehicle export trade cannot be identified.

To provide further analysis on the fairness and reasonableness of the Valuation under Market Approach Valuation, we conducted our independent search on a list of expanded comparable companies based on market information as of 21 November, 2025 (after trading hours). The selection criteria of expanded comparable companies are as follows: (i) the business model of expanded comparable companies is similar to the Target Company, which includes sales and marketing of passenger vehicle; (ii) accounting policies and accounting periods of expanded comparable companies are the same with Target Company, and (iii) the listing venue of expanded comparable companies been extend to the Stock Exchange of Hong Kong the same with CEA except for location and listing exchange. We have identified an exhaustive list of 10 comparable companies. Based on our discussions with the CEA and a review of the Asset Valuation Report, we observed that the calculation methodology for non-operating assets is derived from specific assessments conducted by the CEA, incorporating the business and financial characteristics of the relevant entities.

To independently verify the result of the comparable analysis, we have reperformed the P/B ratio analysis, with the comparables chosen by CEA supplemented by comparables listed on the Stock Exchange of Hong Kong. As the adjustment on the calculation of P/B ratios are only adopted on the comparables selected by CEA, we conduct the comparison based on the unadjusted P/B ratios. Based on the Asset Valuation Report and our discussion with CEA, we note that the aim of adopting adjusted P/B is to enhance the accuracy of valuation of Target Company. The non-operating assets and liabilities are derived by Cash and Cash Equivalents, Other Equity Instruments Investment, Dividends Payable and Provisions from financial data of the Target Company at Valuation Benchmark Date and adjusted with business and financial characteristics by CEA. Based on the business of individual comparable company, part of Cash and Cash Equivalents should be distinguished as operating assets and liabilities. The further adjustment is depended on the professional opinion of CEA. Hence, we cannot directly extend the calculation method to all 10 comparable companies. And we consider that unadjusted P/B ratio is most commonly used in Market Approach, practicability for our research and suitable for our verification.

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The table below illustrates the P/B Ratio a of the expanded comparable companies based on figures extracted from the latest published full year financial statements of the expanded comparable companies and the closing share prices of the expanded comparable companies on the date of 21 November, 2025 for all 10 comparable companies.

*Table 1 P/B Ratios of the Expanded Comparable Companies in Shanghai and Shenzhen Stock Exchange*

	Company Name	Stock Code	Company Description (PRC Listed)	Market capitalization as of 11/21/2025 (RMB million)	P/B Ratio as of 11/21/2025 (x)
1	ShenZhen QuanXinHao Co Ltd	000007.SZ	QuanXinHao primarily engages in the provision of auto sales business serves as their key strategic component.	3,333	18.2
2	Fujian Zhangzhou Development Co Ltd	000753.SZ	Zhangzhou Development primarily engages in the provision of automotive trading services, alongside sewage treatment, real estate development.	8,061	2.9
3	Liaoning Shenhua Holdings Co.,Ltd	600653.SH	Liaoning Shenhua primarily engages in the provision of automotive businesses, including vehicle trading, auto parts wholesale, and related after-sales services.	3,873	5.3
4	Sichuan Haowu Electromechanical Co., Ltd.	000757.SZ	Haowu Mechanical primarily engages in the manufacture and sale of automotive parts, including single-cylinder diesel engines.	2,648	1.7
5	Sinomach Automobile Co.,Ltd	600335.SH	Guoji Automobile primarily engages in the provision of automotive wholesale.	9,169	0.8

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*Table 2 P/B Ratios of the Expanded Comparable Companies in the Main Board of Stock Exchange of Hong Kong*

	Company Name	Stock Code	Company Description (HK Listed)	Market capitalization as of 11/21/2025 (HK million)	P/B Ratio as of 11/21/2025 (x)
1	Zhongsheng Group Holdings Limited	881.HK	Zhongsheng Group primarily engages in the provision of automotive retail, focusing on the import and sale of luxury and mid-to-high-end automobile brands.	26,652	0.5
2	China Yongda Automobiles Services Holdings Limited	3669.HK	Yongda Automobiles Services primarily engages in the provision of passenger vehicle retail, including the sale of new and used cars.	2,894	0.3
3	Sunfonda Group Holdings Limited	1771.HK	Sunfonda primarily engages in the provision of automotive dealership services for luxury and ultra-luxury vehicles.	162	0.1
4	China MeiDong Auto Holdings Limited	1268.HK	MeiDong Auto primarily engages in the provision of automotive dealership and after-sales services.	2,141	1.0
5	China Harmony Auto Holding Limited	3836.HK	Harmony Auto primarily engages in the provision of automotive dealership services for luxury and ultra-luxury vehicle brands.	1,280	0.2
<b>Maximum</b>					<b>18.2</b>
<b>Minimum</b>					<b>0.1</b>
<b>Average</b>					<b>3.1</b>
<b>Median</b>					<b>0.9</b>

*Sources: Latest annual report of each expanded comparable company and website of the Stock Exchange of Hong Kong*

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Based on the results above, the P/B Ratios of the comparable companies ranged from 0.1 times to 18.2 times with an average and median of 3.1 times and 0.9 times as of the date of 21 November, 2025, and ranged from 0.1 times to 1.0 times as of the date of 21 November, 2025 for the expanded comparable companies in the Stock Exchange of Hong Kong. The average of the P/B ratio of the Comparable Companies is 7.27 times at Valuation Benchmark Date and 8.80 times at 21 November, 2025, both in the mid-range of total comparable companies and higher than (i) average, (ii) median, and (iii) maximum P/B Ratio of expanded comparable companies in the Stock Exchange of Hong Kong. In addition, we calculated the ratio of the value of the Target Interest by using Market Approach in the Asset Valuation Report to net assets of Target Company, which is 4.05 times. If the impact of DLOM is further reverted, the P/B ratio of Target Company will be 5.63 times under consistent definition with P/B ratios of expended comparable companies, which is also in the mid-range of total comparable companies and higher than (i) average, (ii) median, and (iii) maximum P/B Ratio of expanded comparable companies on the Stock Exchange of Hong Kong.

On the other hand, to verify the accuracy of unadjusted P/B, we have obtained the simplified calculation method of P/B ratio with adjustment factors of Comparable Companies and the calculation results of unadjusted P/B based on their respective published financial information for the two years and nine months ended 30 September 2025 by CEA. We have done further independent verification of the calculation results. The adjustment factors of Comparable Companies are relatively consistent with which of adjusted P/B. The unadjusted average P/B ratio of Comparable Companies is 5.73 times, close to 5.63 times which is our former independent verification. Hence, the suitability of utilization of unadjusted P/B is proved by the relative consistency of adjusted P/B and unadjusted P/B.

Having considered the assumptions, methodologies and basis of the Valuation under Market Approach is reasonable and the adjusted P/B Ratio adopted for the Target Company is in line with the P/B Ratios of the comparable companies by CEA and not lower than the mean of the comparable companies selected by us, we are of the view that the Valuation under Market Approach is reasonable.

### *Income Approach*

Based on the Asset Valuation Report, the value of the Target Interest as at 30 September 2025 estimated by CEA was approximately **RMB3,152.1058 million** under the income approach (“**Income Approach Valuation**”), which is also the Concluded Value under the Valuation.

Regarding the income approach, CEA considered that the income approach can comprehensively reflect the market value of the Target Interest as the operating returns and risks of the Target Company can be determined given the future sale volume. Therefore, the income approach can better reflect the market value of the consolidated assets of the enterprise and can present a more comprehensive picture of the market value of the Target Company as at the Valuation Benchmark Date. In addition, the income approach is commonly adopted in the business valuation for valuation subject with supportable operating profit and cash flow forecast.

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CEA is of the view that the income approach is the most optimal approach.

Based on the Asset Valuation Report and our discussions with the CEA, we observed that the Income Approach has been consistently selected as the most appropriate valuation methodology by the Asset Valuer (CEA). However, in accordance with the requirements of the Asset Valuation Filing for State-Owned Enterprises, the valuer is obligated to employ at least two valuation methods. Consequently, the CEA utilized the Market Approach to value the Target Interest, given the absence of any listed company exhibiting a sufficiently high degree of similarity to the Target Company.

According to the Asset Valuation Report and our discussion with CEA, Income Approach, by forecasting its future cash flows and discounting them to present value, can reasonably reflect the incremental value formed by Target Company in the process of the expansion of Chinese automotive brands, the deepening of channel networks, and the release of scale effects, and is more aligned with its asset characteristics as a growth-oriented export platform and its trading-oriented business nature. The market Approach is more difficult to comprehensively and accurately reflect the unique business model of Target Company and its scalable growth trend. Compared with the Income Approach, the valuation result of the Market Approach is less capable of comprehensively and accurately reflecting business model and scalable growth trend of Target Company. Hence, we consider that the adoption of Income Approach is reasonable and in the interest of the Company and its shareholders.

Based on our discussion with the CEA, we note that it is a market practice to adopt the Income Approach result as the final valuation for projects where both the Income Approach and the Market Approach are applied. To verify the conclusion, we have searched public information on best effort and obtained 11 cases over the past two years that satisfy the following three conditions: (i) both the Income Approach and the Market Approach were adopted for the Asset Valuation Report; (ii) the value of the target interest derived from the Market Approach was higher than that from the Income Approach; and (iii) the Income Approach result was deemed as the final valuation.

We conducted a verification about the estimations and assumptions in Income Approach by discussion with the Management and review the supporting documents of Valuation Report, we note that the estimations and assumptions are based on the operation and strategic plan, current business and consistent accounting policies, which we consider is reasonable and quantifiable.

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### *Review by auditors and the Directors*

Based on our discussion with CEA, the Income Approach Valuation is derived from the discounted cash flow forecast (the “**Forecast**”) for the perpetual period, which can be valued as value of operating asset, and the book value of assets and liabilities of the Target Company as at the Valuation Benchmark Date. Whole perpetual period can be divided into two parts: (i) detailed forecast period, which is from **October 2025 to December 2030** (the “**Forecast Period**”) and (ii) perpetual period (the “**Perpetual Period**”) after detailed forecast period. Value of operating assets will be calculated by value in Forecast Period and value in Perpetual Period. And With reference to the comfort letters included in Appendices II and III in this Circular, we understand that (i) Ernst & Young, the auditors of the Company has checked the arithmetical accuracy of the calculations of the discounted cash flow forecast and so far as the calculations are concerned, the discounted cash flows have been properly complied in all material respects, in accordance with the assumptions set out in the Income Approach Valuation; and (ii) the Company has confirmed that the cash flow forecast has been prepared by the Directors after due and careful enquiry, who are solely responsible for the cash flow forecast.

### *Financial forecast and other relevant assumptions*

We note that CEA has considered and relied to a considerable extent on the financial (net cash flow) forecast when preparing the Income Approach Valuation. In order to review and understand the fairness, reasonableness and completeness of the relevant assumptions and projections used in the Income Approach Valuation, we have performed the following steps:

- a) discussed with CEA and reviewed on the major items of the projection (including but not limited to the forecasted revenue, cost of goods sold, other operating costs) of the Target Company;
- b) reviewed the Forecast built by CEA and the related breakdowns;
- c) reviewed the historical financial reports of the Target Company for FY2022, FY2023, FY2024 and 9M2025 and reviewed other relevant assumptions under the Income Approach Valuation;
- d) reviewed the strategic plan and estimation of the Management; and
- e) Verified the fairness and reasonableness of the Forecast.



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Based on our discussion with CEA and our review of the Forecast, we understand that:

- a) the projected annual revenue is derived from global sales of automotive whole vehicles and auto parts and components.
- b) the projected operating costs of the Target Company is primarily based on the historical costs and the management estimation;
- c) the capital expenditures during the Forecast Period are primarily based on operating plan;
- d) the corporate income tax rate of 25% was applied as reference to the applicable income tax rate in China;
- e) the projected working capital is mainly made with reference to the historical working capital for maintaining the operation of the Target Company; and
- f) the profit and cash flow forecast is prepared with reference to the current accounting policies adopted for the Target Company which means accounting policies adopted by Target Company after the Valuation Benchmark Date will remain consistent in all material aspects with those adopted in the preparation of the Asset Valuation Report as assumption.

### ***Value of operating assets in Forecast Period***

Based on our discussion with CEA and our review of the Forecast, value of operating assets of Target Company in Forecast Period are determined by the following influence factors:

### ***Revenue in Forecast Period***

#### ***Sales volume of Finished Vehicles***

To assess the fairness and reasonableness of the forecasted revenue, we have discussed with the Management and CEA, obtained the workings of the Valuation from CEA and analyzed the forecast individually. We note that based on different assumptions, forecasting logic and forecasting methods, forecast of sales volume in Forecast Period can be further divided into 3 subperiods:

- (i) FY2025Q4

Based on our discussion with CEA and the Management and our review of the forecast, we note that the sales amount maintained significant growth after the restructuring of the Management structure of Target Company. In detail, the actual sales volume of October is approximately 1.75 times the average sales volume of January to September in 2025. We have reviewed the actual sales performance of November 2025, the sales plan of December 2025 and unexecuted orders of the Target



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Company. The actual sales volume of November is approximately 1.52 times the average sales volume of January to September in 2025. The sales plan is calculated by 3.52 times of normal 1.47 times of supplementary sales volume, which are caused by supply shortages of the hybrid transmission for the B30 model and the wheel speed sensors for the C52X model. We note that sales volume in Q4 2025 will be consistent with Forecast. And unexecuted orders of the target company are over forecasting sales volume of 2025Q4, which enhance the achievability of the Forecast.

To provide further analysis on the fairness and reasonableness for the Forecast in FY2025 Q4, we reviewed the historical financial figures of the Target Company for 2023Q4 and 2024Q4.

We note that percentage of Q4 revenue is 31.93% in FY2023 and in 32.38% FY2024. Based on the Forecast, percentage of Q4 revenue will increase to 47.5%. Hence, we consider that the Forecast of 2025Q4 is reasonable.

(ii) FY2026 and FY2027

Based on our discussion with CEA and our review of the forecast, we note that the forecast of sales volume is based on strategic plan and three-year business plan of Target Company with details covering the sales volume, vehicle models and growth rate by systematic analysis about (i) local market capacity, (ii) growth curve of Chinese-branded vehicles, (iii) brand of BAIC, (iv) local supply and demand situation, and (v) strategic supporting resources from BAIC Group the in each sales region.

The Management of the Target Company believes that the three-year business plan has strong feasibility in FY2026 and FY2027.

To provide further analysis on the fairness and reasonableness for the Forecast in FY2026 and FY2027, we reviewed (i) strategic plan, (ii) sales forecasting by models and (iii) corresponding evidence. and discussed with the Management. We note that Forecast is derived from (i) research on industry development and the market, (ii) analysis and judgment regarding the development strategy, (iii) target market selection, and (iv) product launch and marketing strategies. The forecasting sales volume is driven by (i) the transition and development of new energy automotive industry; (ii) the opportunity of right-hand drive vehicle for Chinese automotive brand and model; (iii) the development of emerging market of automotive industry, such as the GCC(Gulf Cooperation Council) Region, Southeast Asia, Southern Africa, Mexico, Brazil, ANZ (Australia and New Zealand), which are identified as strategic or priority regions by the Target Company; (iv) the opportunity of location integration between Chinese Brand and locational enterprise in the automotive value chain; and (v) the opportunity of intelligent technology. In detail, sales volume of FY2026 is mainly driven by the growth of existing models and mature regions. Sales volume of FY2027 is mainly driven by international model and newly developed regions. We note that the forecasting CAGRs of 2027FY to 2028FY are among 28% to 58% in mature regions, (including Europe Region, Gulf and North Africa Region, Central and South America Region, Central and West Asia Region, Asia-Pacific Region and Southern Africa Region) and 191% to 415% in newly developed regions (including Mexico Region,

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Australia-New Zealand Region and Other Region) due to comprehensive improvement of sales volume of all vehicle models. For comparison, the estimated sales volume of Target Company in FY2025 is expected to increase by approximately 91% compared with FY2024. In details, we note that the vast majority of CAGR of sales volume of already launched models ranges from -15% to 30%, while the growth rate of newly launched models is relatively higher, which we consider is relatively consistent with the strategic plan of the Target Company and reasonable for an overseas sales platform with a well-known Chinese automotive brand.

(iii) FY2028 to FY2030

Based on our discussion with CEA and our review of the forecast, we note that the forecast of sales volume is based on the (i) forecasting result in strategic plan and three-year business plan, (ii) Estimate of the market capacity by the Management, (iii) Estimate of market share of Chinese-branded vehicles by the Management, and (iv) Estimate of BAIC's market share among Chinese-branded vehicles. Accordingly, appropriate adjustments of sales volume in forecast have been made by CEA and have been reflected in the Asset Valuation Report.

To provide further analysis on the fairness and reasonableness for the Forecast in FY2028 to FY2030, we reviewed the forecast on the market size and target market share of BAIC's brand and corresponding evidence from the Management. According to the forecast, the total volume of finished passenger vehicles will be under a slight growth, and the proportion of Chinese brand will be under a rapid growth from 3% on 2025 to 13% on 2030, which indicates that Chinese brands will achieve a CAGR of at least 34% by the forecast. We note that forecasting CAGR of total volume is 29% and the forecasting CAGR of total volume decreases to 16% and forecasting CAGRs decrease to -5% to 53% by regions in FY2028 to FY2030. We consider the forecasting of sales volume of finished vehicles is fair and reasonable in FY2028 to FY2030.

Based on our discussion with CEA and our review of the forecast, we note that total forecasting growth from FY2024 to FY2030 of sales volume is approximately 180 thousands. The contribution of total sales volume growth from FY2024 to FY2030, in descending order are as follows by regions: (i) Central and South America Region, (ii) Europe Region, (iii) Asia-Pacific Region, (iv) Central and West Asia Region with, (v) Gulf and North Africa Region, (vi) Other Regions, (vii) Southern Africa Region, (viii) Australia-New Zealand Region and (ix) Mexico Region. Furthermore, The proportion of contribution of total sales volume growth of mature regions is approximately 80%, which of newly developed regions is 20%. The proportion of the forecasting contribution is relatively consistent with the forecasting global market expectations and strategic plan of the Target Company, which we consider reasonable.

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### *TASP (Target Average Selling Price) and Other Revenue*

Based on our discussion with CEA and our review of the forecast, the forecasting revenue are influenced by (i) sales volume of finished vehicles, (ii) TASP of finished vehicle and (iii) other revenue such as domestic auto spare parts sales. Sales volume of finished vehicles is the most core influence factor and has been analyzed. TASP of most model will be remaining basically stable with a 0%-1%, annualized decrease in Forecasting Period by regions, due to (i) historical price trajectory; (ii) product structure; (iii) target gross profit and cost structure; (iv) competitive landscape; and (v) brand value. Other revenue will be a relatively small proportion, maintaining a range of 1.5% to 1.6% in Forecasting Period.

### *Operating Costs in Forecast Period*

#### *Direct Cost*

Based on our discussion with CEA and our review of the forecast, we note that the forecast of direct costs of the Target Company is determined by (i) recent procurement price, (ii) incorporates judgments on market price trends, (iii) the unit procurement costs of vehicle models, (iv) characteristics of different regional markets, (v) vehicle model categories, (vi) differentiated gross profit margins, (vii) and changes in business structure. The business model, which is mentioned above, of Target Company is relatively easy to understand. The main cost of Target Company lies in the procurement costs of finished vehicles. We reviewed historical financial figures and the forecasting direct cost in Forecast and note that average procurement cost per finished vehicle will be remaining basically stable in historical finance year and Forecasting Period by regions and models.

#### *Operating Expenses and Other Cost*

Based on our discussion with CEA and our review of the forecast, we note that the forecast of sales expenses is determined by (i) personal structure, (ii) forecasting salary levels, (iii) the historical proportions, (iv) development trends. Based on our discussion with CEA and our review of the Asset Valuation Report, we note that administrative expenses will be accounted as a part of sales expenses from FY2025. CEA does not conduct a separate forecast of administrative expenses. We reviewed historical financial figures and Forecast and note that the proportion of (i) sales expenses to revenue, (ii) financial expenses to revenue and (iii) the proportion of each item of sales expenses to total sales expenses are basically stable in historical finance year and Forecast Period by regions and models.

We note that the proportion of depreciation and amortization, tax, surcharges, and others accounting items to revenue in the Forecast are relatively stable with the financial information of the Target Company for FY2023, FY2024 and 9M2025 we obtained from the Management.

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### *Gross Profit Margin*

The gross profit margins during the Forecast Period ranged from 10.56% to 11.78%. For comparison purposes, we calculated the gross profit margins of the Target Company for FY2023, FY2024 and 9M2025, being approximately 14.88%, 8.16% and 10.46% respectively. The average unit cost, which are derived by average procurement price, are at the basically stable with a 0%-1% annualized decrease in Forecasting Period. In addition, based on our discussion with CEA and our review of the forecast, we note that the TASP and average unit cost are both remaining basically stable in Historical and Forecast Period, which render the consistency and stability of gross profit margin. We also note that the estimated operating costs and gross profit margin during the Forecast Period is relatively stable given the assumptions as mentioned above.

### *Capital expenditures, depreciation and amortization in Forecast Period*

Based on our discussion with the Management and CEA and our review of the forecast, we understand that the Target Company is an overseas trade platform which are relatively asset-light. No further significant capital expenditure, depreciation and amortization will be input. We note that CEA adopted the current accounting policies for the forecast of depreciation and amortization in the Forecast Period.

### *Working Capital in Forecast Period*

We have reviewed the Financial Information and note that the projected working capital is mainly made reference to the historical working capital for maintaining the operation of the Target Company.

Based on the above, we are of the view that the net cash flow is fair and reasonable.

### *Discount rate in Forecast Period*

For the Forecast Period, the discount rate is approximately 8.55% which is derived by CEA through the Weighted Average Cost of Capital Model (the “**WACC Model**”).

To assess the parameters adopted in the calculation of discount rate, we conducted the following works, including review data published by relevant experts or scholars, seek for various valuation standards/guidelines, collect data for the calculation of relevant parameters.

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The cost of equity capital was determined based on the Capital Asset Pricing Model (the “**CAPM Model**”), by utilizing (a) the risk-free rate of return of 1.86% with reference to 10-year government bond yield in China as of the Valuation Benchmark Date from Wind Financial Terminal; (b) the market risk premium of 6.76% with reference to comprehensive analysis of the weighted average of annualized weekly return rates from 1992 to Valuation Benchmark Date, which is based on stock price indices of Shanghai and Shenzhen exchange; and (c) the company specific risk premium of 1.50% was based on empirical judgment and analysis of CEA.

In arriving at the beta being adopted in the CAPM Model, CEA has selected 9 companies which are primarily engaged in similar business operation and listed on the stock exchanges in China. We have reviewed the background of these comparable companies and noted that the core businesses of these comparable companies are in same industry as the Target Company, we are of the view that these comparable companies are fair and representative samples. Moreover, the unleveraged beta derived from the said comparables has been further adjusted to derive the leveraged beta based on the debt level of the Target Company at the end of each year during the Forecast Period. We note that the calculation of beta is in line with the Asset Appraisal Expert Guideline No. 12 – Calculation of Discount Rate in Income Approach Appraisal of Enterprise Value (《資產評估專家指引第12號—收益法評估企業價值中折現率的測算》, the “**Expert Guideline No. 12**”) promulgated by the China Appraisal Society.

In respect of the cost of debt, we note that CEA has adopted the cost of debt of 2.15%, which was determined with reference to the interest rates of the Target Company’s existing borrowings.

Based on the above, we are of the view that the WACC Model (i.e. the discount rate) adopted by CEA is justifiable.

### ***Value of operating assets in Perpetual Period***

Based on our discussion with CEA and our review of the forecast, we note that the value of operating assets is calculated by two parts: (i) the value of operating assets in Forecast Period, which we are of the view is fair and reasonable as mentioned we are of the view that the net cash flow is fair and reasonable and (ii) the value of operating assets in Perpetual Period. The value of operating assets in Perpetual Period is determined by (i) cash flow forecast in the last financial year of Forecasting period (FY2030) with comprehensible adjustment in capital expenditures, depreciation and amortization, and working capital by CEA and (ii) Discount rate, which is the same with Forecast Period and determines the future value factor (FVF) of valuation in Perpetual Period.

With reference to the Asset Valuation Report, the determination of a 0% perpetual growth rate in the Valuation does not negate the possibility of any future development during the perpetual period. Rather, it adheres to the prudential principles of valuation by excluding long-term growth potential that cannot be reliably quantified from the perpetual period valuation. This assumption ensures that the income approach valuation

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results are determined based on are liable forecast basis, constitutes a prudent valuation benchmark for the present valuation conclusion, and conforms to established industry practice.

Based on our discussion with CEA, we note that in practice of Chinese Valuer, the perpetual growth rate for stable phase is set to 0, while a non-zero perpetual growth rate is typically considered only for financial enterprises. To verify the conclusion of CEA, we have searched the public information on best effort and obtained 23 cases in the past two years in which that the perpetual growth rate was set 0%.

### ***Calculation of total value of shareholders' equity of the Target Company***

We note that the total value of shareholders' equity of the Target Company is calculated based on the overall corporate value minus interest bearing debts of the Target Company. The overall corporate value is equal to the value of operating assets determined with reference to the Forecast plus the value of surplus assets and non-operating assets of the Target Company.

Based on our review the valuation workings of CEA, the value of surplus assets, non-operating assets and interest-bearing debts were calculated based on the audited financial information of the Target Company as at the Valuation Benchmark Date.

### ***General Assumptions***

In addition, CEA advised that the general assumptions used in the Income Approach Valuation including but not limited to no material change in the existing political, economic, social, legal, tax conditions where the Target Company's business is currently in operation are common assumptions adopted in various business. Based on the work performed as set out above, we are not aware of any factors which would cause us to doubt the fairness and reasonableness on the relevant assumptions and projections used in the Income Approach Valuation.

### ***Our opinion***

We consider we have made adequate assessment on the Valuation in respect to the Asset Valuation Report and CEA. We are not aware of any factors which would cause us to doubt the fairness and reasonableness of the Valuation and we consider that the Valuation forms a fair and reasonable determination basis for the Company Interest.

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## LETTER FROM EVERBRIGHT CAPITAL

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### 5. Possible financial effects of the Disposal

The financial effects of the Disposal set out below are purely for illustrative purpose only and do not reflect the future financial position of the Company after the Completion.

After completion of the Disposal, BAIC International will be owned as to 51% by BAIC Group and 49% by the Company, and BAIC International will cease to be a subsidiary of the Company and its financial results will no longer be consolidated in the Group's accounts.

Based on the Letter from the Board, with reference to the Initial Consideration of the Equity Interests under the Equity Acquisition Agreement, the Company expects to recognise a pre-tax disposal gain of approximately RMB2.2 billion before costs and expenses in relation to the Disposal. The actual gain or loss on the Disposal to be recorded by the Company will depend on the Completion Consideration (as adjusted from the Initial Consideration after the Management Accounts Adjustment) and as further adjusted by Audited Accounts Adjustment, and the actual consolidated net asset value of the Target Company as at the Completion Date.

The above possible financial effects are for illustrative purposes only. The actual financial effects in connection with the Disposal may be different from the above and will be determined based on the financial position of the Target Company as at the Completion Date.

The Company intends to utilise the net proceeds from the Disposal to strengthen the general working capital of the Company and actively promote the development of the Company's business, so as to enhance the Company's core competitiveness and development capabilities.

We consider the disposal gain of approximately RMB2.2 billion before costs and expenses in relation to the Disposal is beneficial to the financial performance of the Company. Furthermore, the cash proceeds from Disposal, which is fully settled by cash, will also provide more resources for the Company to proceed with its strategic development. We consider the financial effects of the Disposal is in the interest of the Company and the Shareholders as a whole.

### RECOMMENDATION

Having considered of the above principal factors and reasons, we consider that although the Equity Acquisition Agreement and the Disposal contemplated thereunder are not entered into under the ordinary and usual course of the business of the Company, the Equity Acquisition Agreement is on normal commercial terms, are fair and reasonable and the Disposal are in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM EVERBRIGHT CAPITAL

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Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant ordinary resolution to approve the Equity Acquisition Agreement and the Disposal contemplated thereunder at the EGM.

Your faithfully,  
For and on behalf of  
**China Everbright Capital Limited**  
**Terence Cheng**  
*Executive Director*

*Note:* Mr. Terence Cheng is a licensed person registered with the Securities and Futures Commission and a responsible officer of China Everbright Capital Limited to carry out Type I (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 13 years of experience in investment banking industry.



*The following is a summary of the English translation of the Asset Valuation Report issued by the Independent Valuer, Beijing China Enterprise Appraisals Co., Ltd., which has been prepared for the purpose of inclusion in this circular. The Chinese text of the Asset Valuation Report shall prevail over the English text in the event of inconsistency.*

**Beijing China Enterprise Appraisals Co., Ltd.\***  
**(北京中企華資產評估有限責任公司)**

**SUMMARY**

**I. PURPOSE OF VALUATION**

The Company intends to transfer its equity interests held in BAIC International to BAIC Group and has therefore conducted a valuation of the market value of the entire shareholders' equity in BAIC International.

**II. SUBJECT OF VALUATION**

The subject of valuation is the value of the entire shareholders' equity in BAIC International.

**III. SCOPE OF VALUATION**

The scope of valuation covers the total assets and total liabilities of BAIC International. These include current assets, investment in other equity instruments, fixed assets, construction in progress, intangible assets, current liabilities and non-current liabilities.

**IV. TYPE OF VALUE**

The type of value of the subject of valuation is the market value.

**V. VALUATION BENCHMARK DATE**

The Valuation Benchmark Date is 30 September 2025.

**VI. INDEPENDENCE OF THE VALUER**

The Independent Valuer has no existing or anticipated relationship of interests with or bias against BAIC International or the relevant parties.

**VII. VALUATION APPROACH, RATIONALE OF SELECTION AND VALUATION CONCLUSION**

The valuation approaches selected for this valuation are income approach and market approach.

Income approach collectively refers to various valuation approaches for determining the value of the subject of valuation by capitalising or discounting its expected income. The discounted cash flow method under the income approach has been adopted in the valuation to appraise the entire value of enterprise, thereby indirectly deriving the value of the entire shareholders' equity.

The market approach collectively refers to valuation approaches that determine the value of the subject of valuation based on the market price of comparables by comparing the subject of valuation with comparables. The comparison with listed companies under the market approach has been adopted for the valuation. The comparison with listed companies refers to the valuation approach of obtaining and analyzing the operating and financial data of comparable listed companies for calculation of the value ratios and determining the value of the appraised enterprise based on a comparative analysis between comparable listed companies and the appraised enterprise.

The asset-based approach refers to the valuation approach that uses the balance sheet of the appraised entity or operating unit as at the Valuation Benchmark Date as the basis for appraising the value of each of the assets and liabilities that can be identified both on and off the balance sheet to determine the value of the subject of valuation.

More than two valuation approaches shall be used for appraising the value of the enterprise. Taking the purpose of valuation into account, the income approach and market approach are selected for this valuation.

Conditions for applying the income approach in this valuation: The primary business of BAIC International comprises automobile exports and trading; operating and financial information for previous years, along with the data and information related to the forecast on future operating income and other information, are available; the enterprise operates within an industry with favorable prospects, thus enabling the reasonable forecast of future income and risks. All of these are favourable for adopting the income approach in the valuation.

Conditions for applying the market approach in this valuation: The primary business of BAIC International comprise automobile exports and trading; there are comparable listed companies in the capital market, and the operating and financial information of these listed companies is more accessible and objective, with which the market approach becomes more feasible. All of these are favourable for adopting the market approach in the valuation.

Reasons for not applying the asset-based approach: The asset-based approach uses the balance sheet of the appraised entity as at the Valuation Benchmark Date as the basis for reasonably appraising the values of each of the on-balance sheet and identifiable off-balance sheet assets and liabilities of the enterprise. BAIC International is an export-oriented enterprise. The values of intangible assets or resources, such as brand influence and experience within the industry in which enterprise operates, human resources involved for possessing sales management team, sales channels, market resources and customer resources accumulated from operations, cannot be encompassed or quantified. Therefore, the asset-based approach was not adopted.

## 1. Specific valuation approaches

### (1) *Income approach*

In this valuation, the discounted cash flow method under the income approach is adopted to appraise the entire value of enterprise, thereby indirectly deriving the value of the entire shareholders' equity. The entire value of enterprise is composed of the value of operating assets generated from normal business activities and the value of non-operating assets not related to normal business activities. The discounted free cash flow model of the enterprise is selected to determine the value of operating assets, which is based on the free cash flow of the enterprise in the next few years, and is calculated by summing up after discounting with an appropriate discount rate. The calculation model is as follows:

Value of entire shareholders' equity = entire value of enterprise – value of interest-bearing debts

#### (i) *Entire value of enterprise*

The entire value of enterprise refers to the sum of the value of entire shareholders' equity and the value of interest-bearing debts. The formula for calculating the entire value of enterprise, based on the allocation and utilization of the assets of the appraised entity, is as follows:

Entire value of enterprise = value of operating assets + value of non-operating assets – value of non-operating liabilities + value of surplus assets

#### (a) *Value of operating assets*

Operating assets refer to assets and liabilities related to the production and operation of the appraised entity and those involved in the forecast on free cash flow of enterprise after the Valuation Benchmark Date. The formula for calculating the value of operating assets is set out below:

$$P = \sum_{i=1}^n \frac{F_i}{(1+r)^i} + \frac{F_n \times (1+g)}{(r-g) \times (1+r)^n}$$

Where:	P:	the value of operating assets of enterprise as at the Valuation Benchmark Date;
	$F_i$ :	the expected free cash flow of enterprise for the i-th year after the Valuation Benchmark Date;
	$F_n$ :	the expected free cash flow of enterprise for the last year of the detailed forecast period;
	r:	Discount rate (in this case, the weighted average cost of capital (WACC));
	n:	Detailed forecast period;
	i:	The i-th year of the detailed forecast period;
	g:	Perpetual growth rate, being 0% <sup>(1)</sup> .

Of which, the formula for calculating the free cash flow of enterprise is as follows:

Free cash flow of enterprise = net profit before interest but after tax + depreciation and amortization – capital expenditures – increase in working capital

Of which, the formula for calculating the discount rate (weighted average cost of capital (WACC)) is as follows:

$$WACC = K_e \times \frac{E}{E + D} + K_d \times (1 - t) \times \frac{D}{E + D}$$

Where:	$K_e$ :	cost of equity capital;
	$K_d$ :	cost of interest-bearing debt capital;
	E:	market value of equity;
	D:	market value of interest-bearing debts;
	t:	income tax rate.

*Note:*

- (1) When applying the income approach for valuation purposes, based on a comprehensive assessment of BAIC International's industry life cycle, current operational stage, and the prudential principles of valuation, BAIC International's future growth momentum is expected to be primarily concentrated within the explicit forecast period (2026 - 2030). Thereafter, BAIC International is projected to enter a perpetual period, during which it will transition into a "steady-state operation" phase characterised by stable scale and sustained profitability levels. This trajectory aligns with the long-term development characteristics typical of the mature automotive trading industry. From a technical valuation perspective, adopting a perpetual growth rate of 0% effectively mitigates the risk of overly optimistic subjective judgements regarding perpetual period growth and reduces the extent to which the valuation results are affected by uncertainties inherent in long-term forecasting beyond the explicit forecast period.

The determination of a 0% perpetual growth rate in the Valuation does not negate the possibility of any future development during the perpetual period. Rather, it adheres to the prudential principles of valuation by excluding long-term growth potential that cannot be reliably quantified from the perpetual period valuation. This assumption ensures that the income approach valuation results are determined based on a reliable forecast basis, constitutes a prudent valuation benchmark for the present valuation conclusion, and conforms to established industry practice.

Of which, the cost of equity capital is calculated using the Capital Asset Pricing Model (CAPM). The formula is as follows:

$$K_e = r_f + \text{MRP} \times \beta_L + r_c$$

Where:  $r_f$ : risk-free rate of return;  
MRP: market risk premium;  
 $\beta_L$ : systematic risk coefficient for equity;  
 $r_c$ : Enterprise-specific risk-adjusted coefficient.

(b) Value of surplus assets

Surplus assets refer to the assets in excess of the requirements for the production and operation of an enterprise as at the Valuation Benchmark Date and those not involved in the free cash flow forecast of enterprise after the Valuation Benchmark Date.

(c) Value of non-operating assets and liabilities

Non-operating assets and liabilities refer to those assets and liabilities not related to the production and operation of the appraised entity and not involved in the forecast of free cash flow of enterprise after the Valuation Benchmark Date. This valuation adopts appropriate valuation approaches according to the natures and characteristics of assets and liabilities.

(ii) *Value of interest-bearing debts*

Interest-bearing debts refer to liabilities requiring interest payment by the appraised entity as at the Valuation Benchmark Date. As analysed, there are no interest-bearing debts in the appraised entity.

(2) **Market approach**

The market approach collectively refers to valuation approaches that determine the value of the subject of valuation based on the market price of comparables by comparing the subject of valuation with comparables. The market approach in the valuation of the value of an enterprise refers to the valuation approach that determines the value of the subject of valuation by comparing the subject of valuation with comparable listed companies or comparable transaction cases. Two specific approaches commonly used under the market approach in the valuation of the value of enterprise are the comparison with listed companies and the comparison with transaction cases.

The comparison with listed companies refers to the valuation approach of obtaining and analyzing the operating and financial data of comparable listed companies for calculation of the value ratios and determining the value of the appraised enterprise based on a comparative analysis between comparable listed companies and the appraised enterprise.

The comparison with transaction cases refers to the valuation approach of obtaining and analyzing the information of comparable transaction cases of enterprises for calculation of the value ratios and determining the value of the appraised enterprise based on a comparative analysis between comparable transaction cases of enterprises and the appraised enterprise.

Due to the limited number of transaction cases of merger and acquisitions within the industry, it is relatively difficult to find transaction cases similar to those of BAIC International. Furthermore, certain specific conditions associated with the transaction cases of merger and acquisitions and those affecting the transaction price cannot be obtained through public channels. Accordingly, the comparison with transaction cases is not adopted. The comparison with listed companies relies more heavily on publicly available information on transactions from the securities capital market, making it more feasible in terms of data acquisition and operation procedures. There are certain listed companies operating in industries similar to the appraised entity in the securities market, characterized by active trading, publicly available transaction and financial data, and sufficient information.

In summary: the comparison with listed companies under the market approach is selected. Fundamental valuation concepts are as follows:

- (i) To analyze the basic conditions of the appraised enterprise, mainly including the type of enterprise, timing of establishment, place of registration, business structure and market distribution, business model, size, operating stage, growth potential, operation risks, financial risks, etc.
- (ii) To identify comparable listed companies, which shall be selected through comparison mainly based on considerations such as business structure, business model, size of enterprise, asset allocation and utilization, operating stage of enterprise, growth potential, operation risks, financial risks, etc.
- (iii) To analyze and compare the major financial indicators between the appraised enterprise and comparable enterprises, mainly including size of assets, operation capacity, growth capacity, financial risks, etc.
- (iv) To select an appropriate value multiplier for comparable enterprises, which shall be revised and adjusted by adopting appropriate methods to estimate the value multiplier of the appraised enterprise.

- (v) To determine the final equity value of the appraised enterprise in accordance with the value multiplier of the appraised enterprise by taking into consideration the discount for lack of marketability.

BAIC International is engaged in the business of automobile exports and trading, and is an enterprise whose profitability is susceptible to significant fluctuations due to changes in its business model. Profit-based profitability ratios are therefore less suitable for such enterprise. The price-to-book ratio (P/B), which is based on the book value of assets, is affected by such fluctuations to a lesser extent and is thus appropriate as a valuation ratio for this type of enterprise. Consequently, the price-to-book ratio (P/B) is selected as the valuation ratio in this valuation.

This valuation adopts the price-to-book ratio (P/B) for calculation. The valuation model of price-to-book ratio (P/B) is as follows:

Value of the entire shareholders' equity of the target company = net assets of the target company as at the Valuation Benchmark Date x P/B of the target company x (1-liquidity discount)

Where: P/B of the target company = arithmetic mean of the revised P/B of the comparable listed companies

Revised P/B coefficient of the comparable listed companies = adjusted coefficient of  $\Pi$  influence factor  $A_i$

Adjusted coefficient of influence factor  $A_i$  = coefficient of the target company/coefficient of the comparable listed companies

## 2. Valuation conclusion

### (1) Valuation results of the income approach

As at the Valuation Benchmark Date, BAIC International Development Co., Ltd.\* (北京汽車國際發展有限公司) had total assets with a book value of RMB3,711,758,800, total liabilities with a book value of RMB2,784,043,100, and net assets with a book value of RMB927,715,700.

The value of entire shareholders' equity after valuation under the income approach was RMB3,152,105,800, representing a valuation appreciation of RMB2,224,390,100 and an appreciation rate of 239.77%.

### (2) Valuation results of the market approach

As at the Valuation Benchmark Date, BAIC International Development Co., Ltd. had total assets with a book value of RMB3,711,758,800, total liabilities with a book value of RMB2,784,043,100, and net assets with a book value of RMB927,715,700.

The value of entire shareholders' equity after valuation under the market approach was RMB3,757,917,800, representing a valuation appreciation of RMB2,830,202,100 and an appreciation rate of 305.07%.

**(3) *Valuation conclusion***

The value of entire shareholders' equity after valuation under the income approach is RMB3,152,105,800, while the value of entire shareholders' equity after valuation under the market approach is RMB3,757,917,800. The difference is RMB605,812,000, representing a discrepancy rate of 19.22%.

The difference in the valuation results between the income approach and the market approach was mainly due to their different perspectives. The market approach determines the value of the subject of valuation by comparing it with comparable listed companies, thereby reflecting the judgment of capital market towards the value of enterprise; while the income approach considers the value of enterprise based on its future profitability. It capitalizes or discounts the expected income of the appraised enterprise to determine the value of the subject of valuation. Such concept is applicable to enterprises with stable or growing cash flows driven by their own growth and profit potential, and those enterprises whose business models demonstrate sustainability and development prospects.

As the core platform for advancing the implementation of internationalized strategies of passenger vehicles of BAIC Motor, BAIC International leverages the diversified vehicle supply support from BAIC Motor's manufacturing plants. In the process of expanding the market presence of Chinese brands globally, it has established a certain share in the international market and a stable channel system. Under the organised management system of the Group, the exports business of its passenger vehicles continues to grow in scale with a clear strategic positioning. The economies of scale will be gradually explicit in the future, with clear room for improvement of its overall profitability, thus resulting in the business model clearly featuring high growth potential. The income approach, by projecting future income and discounting it to the present value, can reasonably reflect the incremental value brought by BAIC International through the expansion of Chinese brands, channel deepening, and the realization of the economies of scale. This approach better aligns with its characteristics as the asset of an exports platform with growth potential and its trading-oriented business attributes.

Despite necessary analysis and adjustments made to comparable companies during the valuation under the market approach, significant differences remain in specific business structures, product portfolios, sales models, and regional market strategies that prove difficult to be fully quantified. As compared to the income approach, it is relatively more challenging to comprehensively and accurately reflect BAIC International's unique business model and its trend towards scalable growth with the valuation results under the market approach.



In summary, the income approach provides a more objective and reasonable reflection of BAIC International's value based on its capacity in making future income, which aligns with its strategic positioning and growth expectations. Therefore, the valuation results derived from the income approach is selected as the final value conclusion for BAIC International.

Based on the above analysis, this asset valuation report adopts the valuation results under the income approach as its valuation conclusion: the entire shareholders' equity of BAIC International Development Co., Ltd. as shown in the valuation results amounts to RMB3,152,105,800.

## **VIII. VALIDITY PERIOD OF VALUATION**

The valuation conclusion shall remain valid for one year from the Valuation Benchmark Date.

## **IX. VALUATION ASSUMPTIONS**

The assumptions adopted in the analysis and estimation of this valuation report are as follows:

1. It is assumed that all subjects to be appraised are already in the transaction process, and the valuation professionals appraise them in a simulated market based on the transaction conditions of the assets to be appraised;
2. It is assumed that, for an asset traded or intended to be traded in the market, the parties to the asset transaction are equal in status with the opportunity and time to obtain sufficient market information, act voluntarily and rationally, and can make reasonable judgments on functions, purposes and transaction prices of assets;
3. It is assumed that the asset to be appraised will continue to be used for its current purpose in the current manner;
4. It is assumed that there are no material changes in the relevant prevailing laws, regulations and policies, and the macroeconomic condition of the country, and that there are no material changes in the political, economic and social environment of the regions where the parties to the transaction are located;
5. It is assumed that the business continues as a going concern in view of the actual status of assets as at the Valuation Benchmark Date;
6. It is assumed that there are no substantial changes in such indicators as interest rates, exchange rates, tax bases, tax rates and policy-based levies related to the appraised entity after the Valuation Benchmark Date;
7. It is assumed that the management of the appraised entity after the Valuation Benchmark Date is responsible, stable and capable of performing their duties;

8. Unless otherwise specified, it is assumed that the Company is in full compliance with all relevant laws and regulations;
9. It is assumed that there will be no force majeure and unforeseeable factors which have a material adverse impact on the appraised entity after the Valuation Benchmark Date;
10. It is assumed that the accounting policies to be adopted by the appraised entity after the Valuation Benchmark Date and the accounting policies adopted when preparing the valuation report are consistent in material aspects;
11. It is assumed that the appraised entity, based on its existing management methods and levels, maintains the same business scope and operating approaches as it currently possesses after the Valuation Benchmark Date;
12. It is assumed that the cash inflow and cash outflow of the appraised entity after the Valuation Benchmark Date are uniform;
13. It is assumed that the appraised entity's products or businesses will maintain their current market competitiveness after the Valuation Benchmark Date;
14. It is assumed that for the foreseeable future, the core policy framework and implementation standards for export tax rebates will be consistently and stably enforced by the state, with no adjustments occurring that would significantly adversely impact the operations of the assessed entity;
15. It is assumed that the primary export target markets of the evaluated entity will not undergo adjustments in their business environment, product access and technical certification standards, or tariff and non-tariff trade barriers during the forecast period that would have a significant adverse impact on its operations.

The valuation conclusions in this asset valuation report are established as at the Valuation Benchmark Date under the above assumptions. When the above assumptions change more significantly, the signing asset valuers and the valuation agency shall not assume the responsibility of deriving different valuation conclusions due to any change in assumptions.

## **X. BASIS OF VALUATION**

### **1. Basis of laws and regulations**

- (1) The Asset Appraisal Law of the People's Republic of China (《中華人民共和國資產評估法》) (adopted at the Twenty-first Session of the Standing Committee of the 12th National People's Congress on 2 July 2016);
- (2) The Company Law of the People's Republic of China (《中華人民共和國公司法》) (second amendment at the Seventh Session of the Standing Committee of the 14th National People's Congress on 29 December 2023);

- (3) The Civil Code of the People's Republic of China (《中華人民共和國民法典》) (adopted at the Third Session of the 13th National People's Congress on 28 May 2020);
- (4) The Securities Law of the People's Republic of China (《中華人民共和國證券法》) (second amendment at the Fifteenth Session of the Standing Committee of the 13th National People's Congress on 28 December 2019);
- (5) Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) (second amendment at the Seventh Session of the 13th National People's Congress on 29 December 2018);
- (6) Law of the People's Republic of China on the State-owned Assets of Enterprises (《中華人民共和國企業國有資產法》) (adopted at the Fifth Session of the Standing Committee of the 11th National People's Congress on 28 October 2008);
- (7) The Measures for the Financial Supervision and Administration of the Asset Appraisal Industry (《資產評估行業財政監督管理辦法》) (Published as Ministry of Finance Decree No. 86 of the People's Republic of China and amended by Ministry of Finance Decree No. 97);
- (8) Provisional Regulations for the Monitoring and Administration of State-owned Assets (《企業國有資產監督管理暫行條例》) (Decree No. 378 of the State Council and as second amendment on 2 March 2019);
- (9) Interim Regulations of the People's Republic of China on Value-added Taxes (《中華人民共和國增值稅暫行條例》) (Decree No. 134 of the State Council and as second amendment on 19 November 2017);
- (10) The Measures for the Financial Supervision and Administration of the Asset Appraisal Industry (《資產評估行業財政監督管理辦法》) (Ministry of Finance Decree No. 86, and amended by Ministry of Finance Decree No. 97);
- (11) The Measures for the Administration of State-owned Assets Appraisal (《國有資產評估管理辦法》) (Decree No. 91 of the State Council and revised on 29 November 2020);
- (12) The Interim Measures for the Administration of State-Owned Assets Appraisal of Enterprises (《企業國有資產評估管理暫行辦法》) (SASAC Decree No. 12);
- (13) The Measures for the Supervision and Administration of the Transactions of State-Owned Assets of Enterprises (《企業國有資產交易監督管理辦法》) (SASAC, Ministry of Finance Decree No. 32);

- (14) The Notice on Issues Related to Strengthening the Administration of State-Owned Assets Appraisal of Enterprises (《關於加強企業國有資產評估管理工作有關問題的通知》) (SASAC Property [2006] No. 274);
- (15) The Notice on Issuing the Detailed Rules for the Implementation of the Administrative Measures for the Appraisal of State-owned Assets (《關於印發〈國有資產評估管理辦法施行細則〉的通知》) (Guo Zi Ban Fa [1992] No. 36);
- (16) The Notice on Issues Related to the Review of State-Owned Assets Appraisal Reports of Enterprises (《關於企業國有資產評估報告審核工作有關事項的通知》) (SASAC Property [2009] No. 941);
- (17) The Circular of the MOF and the SAT regarding the Pilot Program on Comprehensive Implementation of Value Added Taxes from Business Taxes Reform (《財政部國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) (Cai Shui [2016] No.36)
- (18) The Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財政部稅務總局關於調整增值稅稅率的通知》) (Cai Shui 2018 No. 32);
- (19) The Interim Measures for the Administration of Appraisal of State-owned Assets of Enterprises (Decree No. 12 of the State-owned Assets Supervision and Administration Commission of the State Council);
- (20) The Guidelines for the Filing of State-Owned Assets Appraisal Projects of Enterprises (《企業國有資產評估項目備案工作指引》)(Guo Zi Fa Chan Quan [2013] No. 64);
- (21) The Detailed Rules for the Implementation of the Interim Regulation of the People's Republic of China on Value-Added Tax (《中華人民共和國增值稅暫行條例實施細則》) (Decree No. 65 of the Ministry of Finance and the State Taxation Administration);
- (22) The Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) (Announcement No. 39 of 2019 of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs);
- (23) The Provisional Regulations on Consumption Tax of the People's Republic of China (中華人民共和國消費稅暫行條例) Order of the State Council No. 135, Second Amendment on 15 November 2008);
- (24) The Notice of the Ministry of Finance and the State Administration of Taxation on the Value-Added Tax and Consumption Tax Policy for Labor Services of Exported Goods (《財政部、國家稅務總局關於出口貨物勞務增值稅和消費稅政策的通知》) (Cai Shui [2012] No.39);

- (25) The Announcement of the State Administration of Taxation on Issues Concerning Value-Added Tax and Consumption Tax Policy for Labor Services of Exported Goods (《國家稅務總局關於出口貨物勞務增值稅和消費稅有關問題的公告》) (Announcement of the State Taxation Administration [2013] No. 65);
- (26) The Notice on Matters Concerning the Circulation and Transactions of State-owned Assets of Enterprises (《關於企業國有資產交易流轉有關事項的通知》) (Guo Zi Fa Chan Quan Gui [2022] No. 39);
- (27) The Notice on Issuing the Interim Measures for the Administration of State-Owned Assets Appraisal of Enterprises in Beijing (《關於印發〈北京市企業國有資產評估管理暫行辦法〉的通知》) (Jing Guo Zi Fa [2008] No. 5);
- (28) The Notice of the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality on Issuing the List of Powers and Responsibilities of the Beijing Municipal State-owned Assets Supervision and Administration Commission as the Investor (《北京市人民政府國有資產監督管理委員會關於印發〈北京市國資委出資人監管權力和責任清單〉的通知》) (Jing Guo Zi Fa [2017] No. 32);
- (29) The Notice of the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality Regarding Matters on Deepening the Reform of the Administration of Appraisal of State-owned Assets of Enterprises (《北京市人民政府國有資產監督管理委員會關於深化企業國有資產評估管理改革工作有關事項的通知》) (Jing Guo Zi Fa [2019] No. 2);
- (30) The Notice on Issues Related to Further Deepening the Reform of the Administration of State-Owned Assets Appraisal of Enterprises (《市國資委關於進一步深化企業國有資產評估管理改革工作有關事項的通知》) (Jing Guo Zi Fa [2020] No. 9);
- (31) The Guidelines for the Management of State-Owned Property Rights in Municipal Enterprises (2024 Edition) (《市管企業國有產權管理工作指引 (2024) 年版》) ((Jing Guo Zi Fa [2024] No. 18); and
- (32) Enterprise Accounting Standards – Basic Standards (《企業會計準則—基本準則》) (Ministry of Finance Decree No. 33), and Decision of the Ministry of Finance on Amending the Enterprise Accounting Standards – Basic Standards (《財政部關於修改〈企業會計準則—基本準則〉的決定》) (Ministry of Finance Decree No. 76).

**2. Basis of valuation standards**

- (1) Basic Asset Valuation Standards (《資產評估基本準則》) (Cai Zi [2017] No. 43);
- (2) The Code of Professional Ethics for Asset Appraisal (《資產評估職業道德準則》) (Zhong Ping Xie [2017] No. 30);
- (3) The Practice Standards for Asset Appraisal – Asset Appraisal Reports (《資產評估執業準則－資產評估報告》) (Zhong Ping Xie [2018] No. 35);
- (4) The Practice Standards for Asset Appraisal – Asset Appraisal Procedures (《資產評估執業準則－資產評估程序》) (Zhong Ping Xie [2018] No. 36);
- (5) The Practice Standards for Asset Appraisal – Asset Appraisal Methods (《資產評估執業準則－資產評估方法》) (Zhong Ping Xie [2019] No. 35);
- (6) The Practice Standards for Asset Appraisal – Asset Appraisal Engagement Contracts (《資產評估執業準則－資產評估委託合同》) (Zhong Ping Xie [2017] No. 33);
- (7) The Practice Standards for Asset Appraisal – Asset Appraisal Files (《資產評估執業準則－資產評估檔案》) (Zhong Ping Xie [2018] No. 37);
- (8) The Practice Standards for Asset Appraisal – Utilization of Expert Work and Relevant Reports (《資產評估執業準則－利用專家工作及相關報告》) (Zhong Ping Xie [2017] No. 35);
- (9) The Practice Standards for Asset Appraisal – Enterprise Value (《資產評估執業準則－企業價值》) (Zhong Ping Xie [2018] No. 38);
- (10) The Guidelines for State-Owned Enterprise Asset Appraisal Reports (《企業國有資產評估報告指南》) (Zhong Ping Xie [2017] No. 42);
- (11) The Guidelines for Business Quality Control of Asset Appraisal Agency (《資產評估機構業務質量控制指南》) (Zhong Ping Xie [2017] No. 46);
- (12) The Guiding Opinions on Types of Appraised Values of Assets (《資產評估價值類型指導意見》) (Zhong Ping Xie [2017] No. 47);
- (13) The Guiding Opinions on the Legal Ownership of Asset Appraisal Subjects (《資產評估對象法律權屬指導意見》) (Zhong Ping Xie [2017] No. 48).

**3. Basis of ownership**

- (1) Certificates of State-Owned Assets Property Rights Registration;
- (2) Other relevant title certificates.

**4. Basis of price determination**

- (1) The self-regulated interest rate of bank loans as at the Valuation Benchmark Date;
- (2) Financial statements and audit reports for previous years provided by the enterprise;
- (3) Business plans for the coming years provided by relevant departments of the enterprise;
- (4) Market forecast data of main products for the current and coming years provided by the enterprise;
- (5) Other relevant appraisal information recorded and collected by valuers during field inspection;
- (6) Other information related to this asset valuation.

**5. Other references**

- (1) Asset Appraisal Standards Terminology 2020 (《資產評估準則術語2020》) (Zhong Ping Xie [2020] No. 31);
- (2) Professional Guideline No. 8 for Asset Valuers – Verification in Asset Valuation (《資產評估專家指引第8號－資產評估中的核查驗證》) (Zhong Ping Xie [2019] No. 39);
- (3) Guidelines for Assets Appraisal Experts No. 12 – Measurement of Discount Rates in the Valuation of Enterprise Value by the Income Approach (《資產評估專家指引第12號－收益法評估企業價值中折現率的測算》) (Zhong Ping Xie [2020] No. 38);
- (4) Measures for the Filing Management of Asset Appraisal Business by China Association of Appraisers (《中國資產評估協會資產評估業務報備管理辦法》) (Zhong Ping Xie [2021] No. 30);
- (5) The list of assets and valuation declaration forms provided by the appraised entity;
- (6) Relevant data and information from the Wind Financial Terminal;
- (7) The audit report issued by China Sincere & Success CPA Firm (Beijing) Co., Ltd.\* (中御成會計師事務所(北京)有限公司);
- (8) The database of Beijing China Enterprise Appraisals Co., Ltd\* (北京中企華資產評估有限責任公司).



*The following is the letter from the auditor of the Company, Ernst & Young, Certified Public Accountants, which has been prepared for the purpose of inclusion in this circular.*

**REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW  
FORECAST IN CONNECTION WITH THE VALUATION OF THE 51% EQUITY  
INTERESTS IN BAIC INTERNATIONAL DEVELOPMENT CO., LTD.**

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the “**Forecast**”) on which the valuation dated 26 November 2025 prepared by Beijing China Enterprise Appraisals Co., Ltd in respect of the 51% equity interest in BAIC International Development Co., Ltd. (the “**Target**”), as at 30 September 2025 is based. The valuation is set out in the circular of BAIC MOTOR CORPORATION LIMITED (the “**Company**”) dated 10 December 2025 (the “**Circular**”) in connection with the disposal of the Target. The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

**Directors’ responsibilities**

The directors of the Company (the “**Directors**”) are solely responsible for the Forecast. The Forecast has been prepared using a set of bases and assumptions (the “**Assumptions**”), the completeness, reasonableness and validity of which are the sole responsibility of the Directors. The Assumptions are set out in the section headed IX. VALUATION ASSUMPTIONS of the Appendix I SUMMARY OF THE ASSET VALUATION REPORT to the Circular.

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements*, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants’ responsibilities**

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.



We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.60A(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

**Opinion**

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

**Ernst & Young***Certified Public Accountants*

Hong Kong

10 December 2025

*The following is the text of a letter from the Board for the purpose of incorporation in this circular.*



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)**

10 December 2025

Listing Division  
The Stock Exchange of Hong Kong Limited  
12/F, Two Exchange Square  
8 Connaught Place Central  
Hong Kong

Dear Sirs,

**RE: ANNOUNCEMENT — DISCLOSEABLE AND CONNECTED  
TRANSACTION IN RELATION TO  
THE DISPOSAL OF 51% OF THE EQUITY INTERESTS  
IN A WHOLLY-OWNED SUBSIDIARY**

We, BAIC Motor Corporation Limited (the “**Company**”), refer to the announcement of the Company dated 21 November 2025 (the “**Announcement**”). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We refer to the valuation conducted by Beijing China Enterprise Appraisals Co., Ltd.\* (北京中企華資產評估有限責任公司), an independent valuer (i.e., the Valuation). The Valuation adopts the income approach and is regarded as a profit forecast under Rule 14.61 of the Listing Rules. We have discussed with the Independent Valuer the different aspects upon which the Valuation was prepared (including the principal and commercial assumptions) and have reviewed the Valuation for which the Independent Valuer is responsible.

Pursuant to Rule 14.60A of the Listing Rules, we have also engaged Ernst & Young, acting as the Company’s reporting accountants, to report on the arithmetical accuracy of the calculations of the income approach adopted by the Independent Valuer in respect of the Valuation (which does not involve the adoption of accounting policies), and considered the report from Ernst & Young which was prepared in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants, as set out in Appendix II to this circular.

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**APPENDIX III      LETTER FROM THE BOARD REGARDING PROFIT FORECAST**

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On the basis of the above, we confirm that the forecast has been made after due and careful enquiry by us.

Yours faithfully,  
By Order of the Board  
**BAIC Motor Corporation Limited**  
**Wang Hao**  
*Chairman of the Board*

\* *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 and senior management) have interests or short positions in the Shares or underlying Shares which are required to be disclosed to the Company pursuant to Divisions 2 and 3 in Part XV of the SFO or recorded in the register required to be kept by the Company 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	Class of Shares	Number of Shares/ underlying Shares <i>Note 1</i>	Percentage of relevant class of Shares <i>Note 2</i> (%)	Percentage of the total share capital (%)
Beijing Automotive Group Co., Ltd.	Domestic Shares	3,758,798,622 (L)	68.41	46.90
Shougang Group Co., Ltd.	Domestic Shares	1,028,748,707 (L)	18.72	12.83
Mercedes-Benz Group AG	H Shares	765,818,182 (L)	30.38	9.55

*Notes:*

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

2: The percentage is calculated by the number of Shares held by relevant Shareholder/the number of relevant classes of Shares in issue as at the Latest Practicable Date.

**3. DIRECTORS' 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 or the chief executive had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the 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 C3 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

#### **4. DIRECTORS' INTERESTS IN ASSETS AND/OR CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2024, 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 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' SERVICE CONTRACTS**

The Company has entered into service contracts with all of the Directors. As at the Latest Practicable Date, none of the Directors 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' POSITIONS IN SUBSTANTIAL SHAREHOLDERS**

Save as disclosed in "9. COMPETING INTERESTS" in Appendix IV to this circular, as at the Latest Practicable Date, the following Director was 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:

<b>Name of the Director</b>	<b>Position in the specific company</b>
Mr. Paul Gao	Chief Strategy Officer of Mercedes-Benz Group AG

#### **7. LITIGATION**

As at the Latest Practicable Date, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was to be pending or threatened against the Company.

#### **8. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 31 December 2024, the date to which the latest published audited accounts of the Company were made up.

## 9. COMPETING INTERESTS

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

<b>Name</b>	<b>Major position(s) in the Group</b>	<b>Position in the specific company</b>
Mr. Hu Hanjun	Non-executive Director	Deputy general manager of BAIC Group
Mr. Chen Hongliang	Non-executive Director	Senior advisor to chairman of the board of BAIC Group
Mr. Peng Jin	Non-executive Director	Head of operation and management department/ digital safety and management department of the BAIC Group

Save as disclosed above, as at the Latest Practicable Date, none of the Directors 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.

## 10. EXPERTS' QUALIFICATION AND CONSENT

As at the Latest Practicable Date, each of the Independent Valuer, Ernst & Young and Everbright Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

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

<b>Name</b>	<b>Qualification</b>
Beijing China Enterprise Appraisals Co., Ltd.* (北京中企華資產評估有限責任公司)	Independent Valuer
Ernst & Young	Certified Public Accountants
Everbright Capital	a corporation permitted to carry out Type 1 (Dealing in securities), Type 4 (Advising on securities) and Type 6 (Advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)

**11. EXPERTS' INTERESTS**

As at the Latest Practicable Date, each of the Independent Valuer, Ernst & Young and Everbright Capital:

- (1) did not have any direct or indirect interest in any assets which have been, since 31 December 2024, 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.

**12. MISCELLANEOUS**

- (1) The primary contact person of the Company is Ms. Yu Dan, 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.

**13. DOCUMENTS ON DISPLAY**

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

- (1) the Equity Acquisition Agreement;
- (2) the letter from the Independent Board Committee, the text of which is set out on pages 47 to 48 of this circular;
- (3) the letter from Everbright Capital, the Independent Financial Adviser, the text of which is set out on pages 49 to 78 of this circular;
- (4) the Asset Valuation Report;

- (5) written consents referred to in the paragraph headed “EXPERTS’ QUALIFICATION AND CONSENT” above; and
- (6) this circular.



No.	Original	Revised
1.	<p><b>Article 11</b> These Articles is binding on the Company and its shareholders, members of the party committee of BAIC Motor Corporation Limited (the “Company Party Committee”) and members of the party discipline inspection committee of BAIC Motor Corporation Limited (the “Company Discipline Inspection Committee”), directors, supervisors, president and other senior management, all of whom are entitled to claim rights regarding the affairs of the Company in accordance with these Articles.</p> <p>According to these Articles, a shareholder may take legal action against the Company, other shareholders, the directors, supervisors, president and other senior management of the Company, and the Company may also take legal action against shareholders, directors, supervisors, president and other senior management of the Company.</p> <p>.....</p>	<p><b>Article 11</b> These Articles is binding on the Company and its shareholders, members of the party committee of BAIC Motor Corporation Limited (the “Company Party Committee”) and members of the party discipline inspection committee of BAIC Motor Corporation Limited (the “Company Discipline Inspection Committee”), directors, <del>supervisors</del>, president and other senior management, all of whom are entitled to claim rights regarding the affairs of the Company in accordance with these Articles.</p> <p>According to these Articles, a shareholder may take legal action against the Company, other shareholders, the directors, <del>supervisors</del>, president and other senior management of the Company, and the Company may also take legal action against shareholders, directors, <del>supervisors</del>, president and other senior management of the Company.</p> <p>.....</p>

No.	Original	Revised
2.	<p><b>Article 14</b> The scope of business of the Company covers: manufacture of automobiles, components and accessories, which is only operated by its branches; sales of self-manufactured products; development of technologies, technical services and consultation; economic information consultation; equipment installation; import and export of goods and technologies and import and export business agent. (The market entity shall select business items and carry out operating activities at its own discretion in accordance with the law; for items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by relevant authorities and to the extent authorized by such approval; it is not allowed to engage in operating activities prohibited or restricted by industrial policies of the state and the municipality.)</p> <p>.....</p>	<p><b>Article 14</b> The scope of business of the Company covers: <u>road motor vehicle production, manufacture of automobile components and accessories; automobile sales; retail of automobile components; wholesale of automobile components; technical services, development of technologies, technical consultation, technology exchange, technology transfer, technology promotion; information consultation services (excluding licensed information consultation services); general machinery and equipment installation services; import and export of goods, import and export of technology, import and export business agent.</u> (The market entity shall select business items and carry out operating activities at its own discretion in accordance with the law; for items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by relevant authorities and to the extent authorized by such approval; it is not allowed to engage in operating activities prohibited or restricted by industrial policies of the state and the municipality.)<del>manufacture of automobiles, components and accessories, which is only operated by its branches; sales of self-manufactured products; development of technologies, technical services and consultation; economic information consultation; equipment installation; import and export of goods and technologies and import and export business agent. (The market entity shall select business items and carry out operating activities at its own discretion in accordance with the law; for items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by relevant authorities and to the extent authorized by such approval; it is not allowed to engage in operating activities prohibited or restricted by industrial policies of the state and the municipality.)</del></p> <p>.....</p>

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3.	<p><b>Article 21</b> .....</p> <p>The shareholding percentage of the investors of the Company is as follows:</p> <table> <tr> <th>Name of the Investors</th><th>Number of Shares Shareholding Held (Shares)</th><th>Percentage</th></tr> <tr> <td>Beijing Automotive Group Co., Ltd.</td><td>3,716,659,704</td><td>46.369%</td></tr> <tr> <td>.....</td><td></td><td></td></tr> <tr> <td>Shenzhen Benyuan Jinghong Equity Investment Fund (Limited Partner)</td><td>42,138,918</td><td>0.526%</td></tr> <tr> <td>.....</td><td></td><td></td></tr> <tr> <td>Anhui Guoyuan Capital Co., Ltd.</td><td>6,404,272</td><td>0.080%</td></tr> <tr> <td>.....</td><td></td><td></td></tr> </table>	Name of the Investors	Number of Shares Shareholding Held (Shares)	Percentage	Beijing Automotive Group Co., Ltd.	3,716,659,704	46.369%	.....			Shenzhen Benyuan Jinghong Equity Investment Fund (Limited Partner)	42,138,918	0.526%	.....			Anhui Guoyuan Capital Co., Ltd.	6,404,272	0.080%	.....			<p><b>Article 21</b> .....</p> <p>The shareholding percentage of the investors of the Company is as follows:</p> <table> <tr> <th>Name of the Investors</th><th>Number of Shares Shareholding Held (Shares)</th><th>Percentage</th></tr> <tr> <td>Beijing Automotive Group Co., Ltd.</td><td><u>3,716,659,704</u></td><td><u>46.369%</u></td></tr> <tr> <td>.....</td><td></td><td></td></tr> <tr> <td>Shenzhen Benyuan Jinghong Equity Investment Fund (Limited Partner)</td><td><u>42,138,918</u></td><td><u>0.526%</u></td></tr> <tr> <td>.....</td><td></td><td></td></tr> <tr> <td>Anhui <del>Guoyuan</del><u>Lianyuan</u> Capital Co., Ltd.</td><td>6,404,272</td><td>0.080%</td></tr> <tr> <td>.....</td><td></td><td></td></tr> </table>	Name of the Investors	Number of Shares Shareholding Held (Shares)	Percentage	Beijing Automotive Group Co., Ltd.	<u>3,716,659,704</u>	<u>46.369%</u>	.....			Shenzhen Benyuan Jinghong Equity Investment Fund (Limited Partner)	<u>42,138,918</u>	<u>0.526%</u>	.....			Anhui <del>Guoyuan</del> <u>Lianyuan</u> Capital Co., Ltd.	6,404,272	0.080%	.....		
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Anhui <del>Guoyuan</del> <u>Lianyuan</u> Capital Co., Ltd.	6,404,272	0.080%																																										
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4.	<p><b>Article 23</b> The Company may, based on its requirements for operation and development needs and in accordance with applicable laws and regulations and with the approval by resolution at the shareholders' meeting, increase its registered capital by the following methods:</p> <p>(1) public issuance of shares;</p> <p>(2) non-public issuance of shares;</p> <p>(3) by bonus issue to existing shareholders;</p> <p>(4) by converting capital reserves into share capital; or</p> <p>(5) other ways as permitted by laws and administrative regulations and approval by CSRC and other relevant regulatory authorities. .....</p>	<p><b>Article 23</b> The Company may, based on its requirements for operation and development needs and in accordance with applicable laws and regulations and with the approval by resolution at the shareholders' meeting, increase its registered capital by the following methods:</p> <p>(1) <del>public</del> issuance of shares <b><u>to non-specific investors;</u></b></p> <p>(2) <del>non-public</del> issuance of shares <b><u>to specific investors;</u></b></p> <p>(3) by bonus issue to existing shareholders;</p> <p>(4) by converting capital reserves into share capital; or</p> <p>(5) other ways as permitted by laws and administrative regulations and approval by CSRC and other relevant regulatory authorities. .....</p>																																										

No.	Original	Revised
5.	<p><b>Article 26</b> .....</p> <p>Directors, supervisors and senior management shall report to the Company their shareholdings in the Company and changes in their shareholdings. The shares transferred by them in a particular year during their term of office as determined at the time of assuming office shall not exceeded 25% of the total shares being held and the shares they held in the Company shall not be transferred within one year from the listing date of the shares and within half a year after their terms of office.</p> <p>The transfer restriction on H shares shall also be subject to the relevant requirements of the Main Board Listing Rules of Hong Kong Stock Exchange.</p>	<p><b>Article 26</b> .....</p> <p>Directors,<del>supervisors</del> and senior management shall report to the Company their shareholdings in the Company and changes in their shareholdings. The shares transferred by them in a particular year during their term of office as determined at the time of assuming office shall not exceeded 25% of the total shares being held and the shares they held in the Company shall not be transferred within one year from the listing date of the shares and within half a year after their terms of office.</p> <p>The transfer restriction on H shares shall also be subject to the relevant requirements of the Main Board Listing Rules of Hong Kong Stock Exchange.</p>
6.	<p><b>Article 34</b> .....</p> <p>In the event of any violation against Article 32 of these Articles and preceding provisions of which causes losses to the Company, the responsible directors, supervisors and senior management shall be liable for compensation.</p>	<p><b>Article 34</b> .....</p> <p>In the event of any violation against Article 32 of these Articles and preceding provisions of which causes losses to the Company, the responsible directors;<del>supervisors</del> and senior management shall be liable for compensation.</p>

No.	Original	Revised
7.	<p><b>Article 46</b> Where the Company incurs losses as a result of directors' and senior management members' violation of the laws, regulations or these Articles in the course of performing their duties with the Company, shareholders individually or jointly holding 1% or more of the Company's shares for more than 180 consecutive days shall be entitled to request in writing the board of supervisors to initiate proceedings in the court. Where the Company incurs losses as a result of the board of supervisors' violation of any provision of laws, regulations or these Articles in the course of performing its duties with the Company, the shareholders shall be entitled to make a request in writing to the board of directors to initiate proceedings in the court.</p> <p>In the event that the board of supervisors or the board of directors refuses to initiate proceedings after receiving the written request of shareholders stated in the foregoing paragraph, or fails to initiate such proceedings within thirty days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, shareholders described in the preceding paragraph shall have the right to initiate proceedings in the court directly in their own names in the interest of the Company.</p> <p>.....</p>	<p><b>Article 46</b> Where the Company incurs losses as a result of directors' and senior management members' <u>(other than the members of the audit committee)</u> violation of the laws, regulations or these Articles in the course of performing their duties with the Company, shareholders individually or jointly holding 1% or more of the Company's shares for more than 180 consecutive days shall be entitled to request in writing the <del>board of supervisors</del> <u>audit committee</u> to initiate proceedings in the court. Where the Company incurs losses as a result of the <del>board of supervisors</del> <u>members of the audit committee</u>' violation of any provision of laws, regulations or these Articles in the course of performing its duties with the Company, the shareholders shall be entitled to make a request in writing to the board of directors to initiate proceedings in the court.</p> <p>In the event that the <del>board of supervisors</del> <u>audit committee</u> or the board of directors refuses to initiate proceedings after receiving the written request of shareholders stated in the foregoing paragraph, or fails to initiate such proceedings within thirty days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, shareholders described in the preceding paragraph shall have the right to initiate proceedings in the court directly in their own names in the interest of the Company.</p> <p>.....</p>

No.	Original	Revised
8.	<p><b>Article 48</b> The ordinary shareholders of the Company shall assume the following obligations:</p> <p>(1) to abide by the laws, administrative regulations and these Articles;</p> <p>(2) to pay subscription monies according to the number of shares subscribed and the method of subscription;</p> <p>(3) to be responsible for the Company to the extent of the shares they have subscribed for;</p> <p>(4) not to divest the shares unless required by the laws and regulations; .....</p>	<p><b>Article 48</b> The ordinary shareholders of the Company shall assume the following obligations:</p> <p>(1) to abide by the laws, administrative regulations and these Articles;</p> <p>(2) to pay subscription monies according to the number of shares subscribed and the method of subscription;</p> <p>(3) to be responsible for the Company to the extent of the shares they have subscribed for;</p> <p>(4) not to <del>divest the shares</del> <b>withdraw their share capital</b> unless required by the laws and regulations; .....</p>
9.	<p><b>Article 52</b> The shareholders' meeting exercises the following functions and powers:</p> <p>(1) to elect or remove the directors and supervisors who are not representatives of the employees, and to decide on matters relevant to remuneration of directors and supervisors;</p> <p>(2) to consider and approve reports of the board of directors;</p> <p>(3) to consider and approve reports of the board of supervisors;</p> <p>(4) to consider and approve proposals for profit distribution and for recovery of losses of the Company;</p> <p>(5) to decide on increase and reduction of the registered capital of the Company;</p> <p>(6) to decide on bond issuances of the Company;</p>	<p><b>Article 52</b> The shareholders' meeting exercises the following functions and powers:</p> <p>(1) to elect or remove the directors <del>and supervisors</del> who are not representatives of the employees, and to decide on matters relevant to remuneration of directors <del>and supervisors</del>;</p> <p>(2) to consider and approve reports of the board of directors;</p> <p><del>(3) to consider and approve reports of the board of supervisors;</del></p> <p><del>(4)</del> (3) to consider and approve proposals for profit distribution and for recovery of losses of the Company;</p> <p><del>(5)</del> (4) to decide on increase and reduction of the registered capital of the Company;</p> <p><del>(6)</del> (5) to decide on bond issuances of the Company;</p>

No.	Original	Revised
	<p>(7) to decide on merger, division, dissolution and liquidation of the Company and changes in the form of the Company;</p> <p>(8) to amend these Articles;</p> <p>(9) to decide on the appointment and dismissal of accounting firms which provide audit services for annual financial statements of the Company;</p> <p>(10) to consider and approve the guarantees as provided in Article 54;</p> <p>(11) to consider and approve the acquisition or disposals of material assets of the Company within a year exceeding 30% of the latest audited total assets for the year;</p> <p>(12) to consider and approve share option schemes;</p> <p>(13) to consider and approve pledge of assets, investments and entrusted wealth management of assets exceeding 50% of the latest audited net assets of the Company and connected transaction with an amount exceeding 20% of latest audited net assets of the Company;</p> <p>(14) to consider and approve the proposals submitted by shareholders severally or jointly holding 1% or more of the voting shares of the Company;</p> <p>(15) to consider and approve other matters required to be resolved by the shareholders' meeting by the laws, regulations, departmental rules or these Articles.</p>	<p><del>(7)</del> to decide on merger, division, dissolution and liquidation of the Company and changes in the form of the Company;</p> <p><del>(8)</del> to amend these Articles;</p> <p><del>(9)</del> to decide on the appointment and dismissal of accounting firms which provide audit services for annual financial statements of the Company;</p> <p><del>(10)</del> to consider and approve the guarantees as provided in Article 54;</p> <p><del>(11)</del> to consider and approve the acquisition or disposals of material assets of the Company within a year exceeding 30% of the latest audited total assets for the year;</p> <p><del>(12)</del> to consider and approve share option schemes;</p> <p><del>(13)</del> to consider and approve pledge of assets, investments and entrusted wealth management of assets exceeding 50% of the latest audited net assets of the Company and connected transaction with an amount exceeding 20% of latest audited net assets of the Company;</p> <p><del>(14)</del> to consider and approve the proposals submitted by shareholders severally or jointly holding 1% or more of the voting shares of the Company;</p> <p><del>(15)</del> to consider and approve other matters required to be resolved by the shareholders' meeting by the laws, regulations, departmental rules or these Articles.</p>

No.	Original	Revised
10.	<p><b>Article 55</b> .....</p> <p>The board of directors shall convene an extraordinary shareholders' meeting within two months of the occurrence of any one of the followings: .....</p> <p>(4) whenever the board of directors deems necessary or the board of supervisors so requests; or</p> <p>(5) other circumstances specified in laws, regulations, departmental regulations or these Articles.</p>	<p><b>Article 55</b> .....</p> <p>The board of directors shall convene an extraordinary shareholders' meeting within two months of the occurrence of any one of the followings: .....</p> <p>(4) whenever the board of directors deems necessary or the <del>board of supervisors</del> <b>audit committee</b> so requests; or</p> <p>(5) other circumstances specified in laws, regulations, departmental regulations or these Articles.</p>
11.	<p><b>Article 56</b> .....</p> <p>Provided that the legality and validity of the shareholders' meeting are ensured, the Company may convene and vote at shareholders' meetings through electronic communication means, in accordance with the provisions of laws, administrative regulations, the stock exchange where the Company's shares are listed, relevant regulatory authorities, and these Articles, where technically feasible. The shareholders that have participated in the meeting through access of any preceding means shall be deemed as having attended the meeting.</p>	<p><b>Article 56</b> .....</p> <p><del>Provided that the legality and validity of the shareholders' meeting are ensured, the Company may convene and vote at shareholders' meetings through electronic communication means, in accordance with the provisions of laws, administrative regulations, the stock exchange where the Company's shares are listed, relevant regulatory authorities, and these Articles, where technically feasible.</del> <b><u>the Company may also facilitate shareholders to attend shareholders' meetings by electronic means.</u></b> The shareholders that have participated in the meeting through access of any preceding means shall be deemed as having attended the meeting-, <b><u>they also have the right to speak and vote at shareholders' meetings.</u></b></p>



No.	Original	Revised
12.	<p><b>Article 58</b> In a shareholders' meeting of the Company, the board of directors, board of supervisors, half or more independent directors and shareholders individually or collectively holding more than 1% of the total shares of the Company are entitled to propose proposals to the Company.</p> <p>Shareholders individually or collectively holding 1% or more of the shares of the Company may submit any extraordinary proposals in writing to the convener of the meeting within 10 days prior to the date of the shareholders' meeting. The convener shall issue supplemental notice of shareholders' meeting announcing the details of such extraordinary proposals within two days upon the receipt of the proposals.</p> <p>.....</p>	<p><b>Article 58</b> In a shareholders' meeting of the Company, the board of directors, <del>board of supervisors</del> <b>audit committee</b>, half or more independent directors and shareholders individually or collectively holding more than 1% of the total shares of the Company are entitled to propose proposals to the Company.</p> <p>Shareholders individually or collectively holding 1% or more of the shares of the Company may submit any extraordinary proposals in writing to the convener of the meeting within 10 days prior to the date of the shareholders' meeting. The convener shall issue supplemental notice of shareholders' meeting announcing the details of such extraordinary proposals within two days upon the receipt of the proposals, <b><u>and submit the extraordinary proposals to the shareholders' meeting for consideration, unless the extraordinary proposals violate the provisions of the laws, administrative regulations and these Articles, or do not fall within the scope of the shareholders' meeting.</u></b></p> <p>.....</p>

No.	Original	Revised
13.	<p><b>Article 59</b> The notice of a shareholders' meeting shall meet the following criteria: .....</p> <p>(5) it shall disclose the nature and degree of the material interest of any director, supervisor, the president and other senior management in the matters to be considered. In case that the impact of the matters to be considered on such director, supervisor, president and other senior management as a shareholder is different from that on other holders of the same class of shares, the difference shall be explained; .....</p>	<p><b>Article 59</b> The notice of a shareholders' meeting shall meet the following criteria: .....</p> <p>(5) it shall disclose the nature and degree of the material interest of any director, <del>supervisor</del>, the president and other senior management in the matters to be considered. In case that the impact of the matters to be considered on such director, <del>supervisor</del>, president and other senior management as a shareholder is different from that on other holders of the same class of shares, the difference shall be explained; .....</p>
14.	<p><b>Article 60</b> Where the elections of director and supervisor will be discussed at the shareholders' meeting, the notices of the shareholders' meeting shall contain the details of the candidates of directors and supervisors including the following particulars: .....</p>	<p><b>Article 60</b> Where the elections of director <del>and supervisor</del> will be discussed at the shareholders' meeting, the notices of the shareholders' meeting shall contain the details of the candidates of directors <del>and supervisors</del> including the following particulars: .....</p>
15.	<p><b>Article 68</b> The chairman of the meeting shall announce the number of shareholders and proxies present at the meeting and the total number of voting shares held by them before voting. The record of the meeting which states the number of shareholders and proxies present at the meeting and the total number of voting shares held by them shall prevail.</p>	<p><b>Article 68</b> The chairman of the meeting shall announce the number of shareholders and proxies <del>present</del> at the meeting and the total number of voting shares held by them before voting. The record of the meeting which states the number of shareholders and proxies <del>present</del> at the meeting and the total number of voting shares held by them shall prevail.</p>

No.	Original	Revised
16.	<p><b>Article 72</b> The following resolutions shall be adopted as ordinary resolutions at a shareholders' meeting:</p> <p>(1) working reports of the board of directors and board of supervisors;</p> <p>(2) profit distribution proposals and plans for making up losses formulated by the board of directors;</p> <p>(3) election and dismissal of directors and non-employee representative supervisors, and their remuneration and payment method; .....</p>	<p><b>Article 72</b> The following resolutions shall be adopted as ordinary resolutions at a shareholders' meeting:</p> <p>(1) working reports of the board of directors <del>and board of supervisors</del>;</p> <p>(2) profit distribution proposals and plans for making up losses formulated by the board of directors;</p> <p>(3) election and dismissal of directors <u>who are non-employee representatives</u> <del>and non-employee representative supervisors</del>, and their remuneration and payment method; .....</p>
17.	<p><b>Article 75</b> When shareholders or the board of supervisors request for the convening of an extraordinary shareholders' meeting or any class meeting, the following procedures shall be followed:</p> <p>(1) Shareholder(s) who individually or jointly hold 10% or more of the shares carrying the right to vote at the meeting or the board of supervisors can request the board of directors to convene an extraordinary shareholders' meeting or class meeting by signing one or several copies of written request(s) in the same form and content, and stating the motions proposed. The amount of shares referred to above shall be calculated as at the date of making the request. The board of directors shall furnish a written reply stating its agreement or disagreement to the convening of the extraordinary shareholders' meeting or a class meeting within 10 days after receiving such proposal.</p>	<p><b>Article 75</b> When shareholders or the <del>board of supervisors</del> <u>audit committee</u> request for the convening of an extraordinary shareholders' meeting or any class meeting, the following procedures shall be followed:</p> <p>(1) Shareholder(s) who individually or jointly hold 10% or more of the shares carrying the right to vote at the meeting or the <del>board of supervisors</del> <u>audit committee</u> can request the board of directors to convene an extraordinary shareholders' meeting or class meeting by signing one or several copies of written request(s) in the same form and content, and stating the motions proposed. The amount of shares referred to above shall be calculated as at the date of making the request. The board of directors shall furnish a written reply stating its agreement or disagreement to the convening of the extraordinary shareholders' meeting or a class meeting within 10 days after receiving such proposal.</p>

No.	Original	Revised
	<p>(2) In the event that the board of directors agrees to convene an extraordinary shareholders' meeting or a class meeting, the notice of the shareholders' meeting or a class meeting shall be issued within five days after the passing of the relevant resolution of the board of directors. Any change to the original proposal made in the notice requires prior approval of the original proposer concerned.</p> <p>(3) If the board of directors disagrees with the board of supervisors' proposal to convene an extraordinary shareholders' meeting or a class meeting, or fails to provide feedback within 10 days of receiving the request, it shall be deemed that the board of directors is unable or unwilling to perform its duty to convene such meetings. In this case, the board of supervisors may convene and preside over the meeting itself. The procedures for convening the meeting should, as far as possible, be the same as those for meetings convened by the board of directors.</p> <p>(4) If the board of directors disagrees with the request of shareholders to convene an extraordinary shareholders' meeting or a class meeting, or fails to provide feedback within 10 days of receiving the request, the relevant shareholders shall have the right to propose in writing to the board of supervisors to convene an extraordinary shareholders' meeting or a class meeting.</p>	<p>(2) In the event that the board of directors agrees to convene an extraordinary shareholders' meeting or a class meeting, the notice of the shareholders' meeting or a class meeting shall be issued within five days after the passing of the relevant resolution of the board of directors. Any change to the original proposal made in the notice requires prior approval of the original proposer concerned.</p> <p>(3) If the board of directors disagrees with the <del>board of supervisors</del> <b><u>audit committee</u></b>' proposal to convene an extraordinary shareholders' meeting or a class meeting, or fails to provide feedback within 10 days of receiving the request, it shall be deemed that the board of directors is unable or unwilling to perform its duty to convene such meetings. In this case, the <del>board of supervisors</del> <b><u>audit committee</u></b> may convene and preside over the meeting itself. The procedures for convening the meeting should, as far as possible, be the same as those for meetings convened by the board of directors.</p> <p>(4) If the board of directors disagrees with the request of shareholders to convene an extraordinary shareholders' meeting or a class meeting, or fails to provide feedback within 10 days of receiving the request, the relevant shareholders shall have the right to propose in writing to the <del>board of supervisors</del> <b><u>audit committee</u></b> to convene an extraordinary shareholders' meeting or a class meeting.</p>

No.	Original	Revised
	<p>(5) If the board of supervisors agrees to convene an extraordinary shareholders' meeting or a class meeting, it shall issue a notice of the meeting within 5 days of receiving the request. Any changes to the original request in the notice must be approved by the original proposer.</p> <p>(6) If the board of supervisors fails to issue a notice of the shareholders' meeting or a class meeting within the prescribed period, it shall be deemed that the board of supervisors is not convening or presiding over the shareholders' meeting or class meeting. In such a case, shareholders who individually or collectively hold more than 10% of the Company's voting shares for more than 90 consecutive days may convene and preside over the meeting themselves. The procedures for convening the meeting should, as far as possible, be the same as those for meetings convened by the board of directors.</p> <p>All reasonable expenses incurred for such meeting convened by the shareholders as a result of the failure of the board of directors to convene a meeting as required by the above request(s) shall be borne by the Company and be set off against sums owed by the Company to the defaulting directors.</p>	<p>(5) If the <del>board of supervisors</del> <b><u>audit committee</u></b> agrees to convene an extraordinary shareholders' meeting or a class meeting, it shall issue a notice of the meeting within 5 days of receiving the request. Any changes to the original request in the notice must be approved by the original proposer.</p> <p>(6) If the <del>board of supervisors</del> <b><u>audit committee</u></b> fails to issue a notice of the shareholders' meeting or a class meeting within the prescribed period, it shall be deemed that the <del>board of supervisors</del> <b><u>audit committee</u></b> is not convening or presiding over the shareholders' meeting or class meeting. In such a case, shareholders who individually or collectively hold more than 10% of the Company's voting shares for more than 90 consecutive days may convene and preside over the meeting themselves. The procedures for convening the meeting should, as far as possible, be the same as those for meetings convened by the board of directors.</p> <p>All reasonable expenses incurred for such meeting convened by the shareholders <b><u>or the audit committee</u></b> as a result of the failure of the board of directors to convene a meeting as required by the above request(s) shall be borne by the Company and be set off against sums owed by the Company to the defaulting directors.</p>

No.	Original	Revised
18.	<p><b>Article 76</b> All directors, supervisors and the secretary to the board of directors shall attend the shareholders' meeting, whereas the president and other senior management shall be present at the meeting.</p>	<p><b>Article 76</b> All directors, <del>supervisors</del> and the secretary to the board of directors shall attend the shareholders' meeting, whereas the president and other senior management shall be present at the meeting.</p>
19.	<p><b>Article 77</b> .....</p> <p>The chairman of the board of supervisors shall preside over the shareholders' meetings convened by the board of supervisors at its sole discretion. In the event that the chairman of the board of supervisors is unable to or fails to fulfill the required obligations, the meeting may be presided over by more than half of the supervisors may jointly elect a supervisor to preside over the meeting as chairman.</p> <p>For the shareholders' meetings convened by shareholders, the conveners shall nominate a representative to preside over the meeting.</p> <p>For the shareholders' meetings convened by shareholders, the conveners shall nominate a representative to preside over the meeting. In the event that the chairman of the meeting violates the rules of procedures that results in the shareholders' meeting being unable to continue, upon approval by the shareholders representing more than half of the voting rights present at the meeting, a person may be elected to chair the shareholders' meeting and the meeting shall continue. If, for any reason, the shareholders fail to elect one to be the chairman, the attending shareholder (or his proxy) who holds the most voting shares shall be the chairman.</p>	<p><b>Article 77</b> .....</p> <p>The chairman of the <del>board of supervisors</del> <b>audit committee</b> shall preside over the shareholders' meetings convened by the <del>board of supervisors</del> <b>audit committee</b> at its sole discretion. In the event that the chairman of the <del>board of supervisors</del> <b>audit committee</b> is unable to or fails to fulfill the required obligations, the meeting may be presided over by more than half of the <del>supervisors</del> <b>members of audit committee</b> may jointly elect a <del>supervisor</del> <b>member of audit committee</b> to preside over the meeting as chairman.</p> <p>For the shareholders' meetings convened by shareholders, the conveners shall nominate a representative to preside over the meeting.</p> <p>For the shareholders' meetings convened by shareholders, the conveners shall nominate a representative to preside over the meeting. In the event that the chairman of the meeting violates the rules of procedures that results in the shareholders' meeting being unable to continue, upon approval by the shareholders representing more than half of the voting rights present at the meeting, a person may be elected to chair the shareholders' meeting and the meeting shall continue. If, for any reason, the shareholders fail to elect one to be the chairman, the attending shareholder (or his proxy) who holds the most voting shares shall be the chairman.</p>

No.	Original	Revised
20.	<p><b>Article 80</b> The list of candidates for directors and non-employee representative supervisors shall be submitted to the shareholders' meeting for voting in form of a resolution.</p>	<p><b>Article 80</b> The list of candidates for <u>non-employee representative</u> directors <del>and non-employee representative supervisors</del> shall be submitted to the shareholders' meeting for voting in form of a resolution.</p>
21.	<p><b>Article 81</b> The approach and procedures for nomination of candidates for directors and supervisors are as follow:</p> <p>(1) Shareholder(s) individually or jointly holding more than 1% of the total issued and outstanding voting shares of the Company may propose in writing to the shareholders' meeting for the nomination of candidates for non-employee representative directors and supervisors. However, the number of candidates proposed shall comply with these Articles, and shall not be more than the number to be elected. The aforesaid proposal of the shareholders should be served to the Company at least 10 business days before the date of the shareholders' meeting.</p> <p>(2) The list of candidates for directors and supervisors shall be proposed by the board of directors and the board of supervisors for the consideration of the board of directors and board of supervisors respectively, and the number of candidates to be proposed shall be within the number stipulated in these Articles. The list of candidates for directors and supervisors shall be submitted to the shareholders' meeting by way of a written proposal after being considered and adopted by the board of directors and board of supervisors.</p>	<p><b>Article 81</b> The approach and procedures for nomination of candidates for <u>non-employee representative</u> directors <del>and supervisors</del> are as follow:</p> <p>(1) Shareholder(s) individually or jointly holding more than 1% of the total issued and outstanding voting shares of the Company may propose in writing to the shareholders' meeting for the nomination of candidates for non-employee representative directors <del>and supervisors</del>. However, the number of candidates proposed shall comply with these Articles, and shall not be more than the number to be elected. The aforesaid proposal of the shareholders should be served to the Company at least 10 business days before the date of the shareholders' meeting.</p> <p>(2) The list of candidates for <u>non-employee representative</u> directors <del>and supervisors</del> shall be proposed by the board of directors <del>and the board of supervisors</del> for the consideration of the board of directors <del>and board of supervisors respectively</del>, and the number of candidates to be proposed shall be within the number stipulated in these Articles. The list of candidates for <u>non-employee representative</u> directors <del>and supervisors</del> shall be submitted to the shareholders' meeting by way of a written proposal after being considered and adopted by the board of directors <del>and board of supervisors</del>.</p>



No.	Original	Revised
	<p>(3) The written notices for the intention to nominate a candidate for director or supervisor and the acceptance of nomination by such candidate and the written information of the nominated candidate shall be given to the Company no less than 10 business days prior to the date of the shareholders' meeting. The board of directors or board of supervisors shall provide shareholders with the biographical details and basic information of the candidates for directors and supervisors.</p> <p>(4) Voting for the election of each candidate for a director and supervisor shall be carried out separately in the shareholders' meeting.</p> <p>(5) Where there is a need to fill the casual vacancy of director or supervisor, the board of directors or board of supervisors shall submit a proposal to the shareholders' meeting for the election or change of a director or supervisor.</p>	<p>(3) The written notices for the intention to nominate a candidate for <b><u>non-employee representative</u></b> director <del>or supervisor</del> and the acceptance of nomination by such candidate and the written information of the nominated candidate shall be given to the Company no less than 10 business days prior to the date of the shareholders' meeting. The board of directors <del>or board of supervisors</del> shall provide shareholders with the biographical details and basic information of the candidates for <b><u>non-employee representative</u></b> directors and supervisors.</p> <p>(4) Voting for the election of each candidate for a <b><u>non-employee representative</u></b> director <del>and supervisor</del> shall be carried out separately in the shareholders' meeting.</p> <p>(5) Where there is a need to fill the casual vacancy of <b><u>non-employee representative</u></b> director <del>or supervisor</del>, the board of directors <del>or board of supervisors</del> shall submit a proposal to the shareholders' meeting for the election or change of a director <del>or supervisor</del>.</p>
22.	<p><b>Article 84</b> The voting right of the same shares shall be exercised only either by on-site voting, online voting or other means of voting. In case of multiple voting by the same shares, only the first vote will be deemed as valid.</p>	<p><b>Article 84</b> The voting right of the same shares shall be exercised only either by on-site voting, <del>online</del> <b><u>electronic</u></b> voting or other means of voting. In case of multiple voting by the same shares, only the first vote will be deemed as valid.</p>



No.	Original	Revised
23.	<p><b>Article 85</b> .....</p> <p>When the shareholders are voting on the resolutions, auditors, H-Share registrar or external accountants qualified to service as auditors, and supervisors of the Company shall be the scrutinisers. Voting result shall be announced forthwith by the chairman of the meeting, and shall be recorded in the minutes of meeting.</p> <p>The shareholders or their proxies voting through online or other means have the right to check their voting results through relevant voting systems.</p>	<p><b>Article 85</b> .....</p> <p>When the shareholders are voting on the resolutions, auditors, H-Share registrar or external accountants qualified to service as auditors, <del>and supervisors of the Company</del> shall be the scrutinisers. <del>Voting result shall be announced forthwith by the chairman of the meeting, and shall be recorded in the minutes of meeting.</del></p> <p>The shareholders or their proxies voting through <del>online</del> <b>electronic</b> or other means have the right to check their voting results through relevant voting systems.</p>
24.	<p><b>Article 88</b> In the event that the votes are counted at the shareholders' meeting, the counting results shall be recorded in the minutes of the meeting.</p> <p>Minutes shall be kept of the decisions on the matters considered at the shareholders' meeting. The minutes of the meeting shall be signed by the directors, supervisors, the secretary to the board of directors, the conveners or their proxies and the presider of the meeting present at the meeting. The minutes of the meeting together with the attendance book for shareholders' signing and the proxy forms for proxies attending the meeting as well as valid information relating to the voting online or by other means shall be kept at the domicile of the Company and shall not be destroyed in 10 years.</p>	<p><b>Article 88</b> In the event that the votes are counted at the shareholders' meeting, the counting results shall be recorded in the minutes of the meeting.</p> <p>Minutes shall be kept of the decisions on the matters considered at the shareholders' meeting. The minutes of the meeting shall be signed by the directors, <del>supervisors</del>, the secretary to the board of directors, the conveners or their proxies and the presider of the meeting present at the meeting. The minutes of the meeting together with the attendance book for shareholders' signing and the proxy forms for proxies attending the meeting as well as valid information relating to the voting <del>online</del> <b>by electronic means</b> or by other means shall be kept at the domicile of the Company and shall not be destroyed in 10 years.</p>

No.	Original	Revised
25.	<b>Article 89</b> Where a resolution for the election of directors or supervisions is adopted at the shareholders' meeting, the term of office of the newly-elected directors and supervisors shall commence at the time when such resolution is adopted.	<b>Article 89</b> Where a resolution for the election of directors <del>or supervisions</del> is adopted at the shareholders' meeting, the term of office of the newly-elected directors <del>and supervisors</del> shall commence at the time when such resolution is adopted.
26.	<b>Article 99</b> The Company shall establish a Company Party Committee and a Company Discipline Inspection Committee. The offices of chairman and the secretary to the Company Party Committee shall be held by the same person in principle, and there shall be a deputy secretary mainly responsible for party construction work. Members of the Company Party Committee can join the board of directors, the board of supervisors and the management through legal procedures. Eligible members of the board of directors, the board of supervisors and the management can also join the Company Party Committee in accordance with relevant requirements and procedures. .....	<b>Article 99</b> The Company shall establish a Company Party Committee and a Company Discipline Inspection Committee. The offices of chairman and the secretary to the Company Party Committee shall be held by the same person in principle, and there shall be a deputy secretary mainly responsible for party construction work. Members of the Company Party Committee can join the board of directors, <del>the board of supervisors</del> and the management through legal procedures. Eligible members of the board of directors, <del>the board of supervisors</del> and the management can also join the Company Party Committee in accordance with relevant requirements and procedures. .....

No.	Original	Revised
27.	<p><b>Article 100</b> The Company Party Committee shall perform the following responsibilities.</p> <p>(1) It shall supervise the implementation of guiding principles and policies of the party and the state and the decisions and arrangements of the party committee of the higher level in the Company.</p> <p>(2) It shall carry out work with focus on production and operation of the Company, and support the board of directors, the board of supervisors and managers in exercising their powers in accordance with the law. It shall support the work of the employee representative congress according to law, and hear opinions of employees in making significant decisions. Significant matters involving vital interests of employees shall be considered at the employee representative congress.</p> <p>.....</p>	<p><b>Article 100</b> The Company Party Committee shall perform the following responsibilities.</p> <p>(1) It shall supervise the implementation of guiding principles and policies of the party and the state and the decisions and arrangements of the party committee of the higher level in the Company.</p> <p>(2) It shall carry out work with focus on production and operation of the Company, and support the board of directors, the <del>board of supervisors</del> <b>audit committee</b> and managers in exercising their powers in accordance with the law. It shall support the work of the employee representative congress according to law, and hear opinions of employees in making significant decisions. Significant matters involving vital interests of employees shall be considered at the employee representative congress.</p> <p>.....</p>
28.	<p><b>Article 101</b> The Company shall have a board of directors. The board of directors consists of 15 directors, including one chairman and five independent directors.</p>	<p><b>Article 101</b> The Company shall have a board of directors. The board of directors consists of 15 directors, including one chairman <del>and</del> <b>five independent directors and one employee representative director.</b></p>
29.	<p><b>Article 102</b> Directors shall be elected at shareholders' meeting with a term of office of 3 years each. Upon maturity of the term of office, a director shall be eligible to offer himself for re-election.</p> <p>.....</p>	<p><b>Article 102</b> <del>Non-employee representative</del> <b>Directors</b> shall be elected at shareholders' meeting, <b>and employee representative directors shall be elected by the Company's employees through democratic procedures such as the employee representative congress, employee general meeting, or other forms.</b> <del>with a</del> <b>A</b> term of office of <b>directors of the Company</b> <del>is</del> <b>is</b> 3 years each. Upon maturity of the term of office, a director shall be eligible to offer himself for re-election.</p> <p>.....</p>

No.	Original	Revised
30.	<b>Article 103</b> The approach and procedures for nomination of directors shall be implemented in accordance with the relevant requirements under Article 81 of these Articles.	<b>Article 103</b> The approach and procedures for nomination of <b><u>non-employee representative</u></b> directors shall be implemented in accordance with the relevant requirements under Article 81 of these Articles.
31.	<p><b>Article 117</b> Meetings of the board of directors shall be held regularly at least four times in each year and shall be convened by the chairman of the board of directors.</p> <p>An extraordinary board meeting may be convened upon the proposal of chairman of the board of directors, shareholders individually or jointly holding more than one tenth of the total number of shares carrying voting rights of the Company, more than one third of the directors, more than a half of the independent directors, president or the board of supervisors. Chairman of the board of directors shall convene and chair the board meeting within 10 days after receiving such proposal.</p>	<p><b>Article 117</b> Meetings of the board of directors shall be held regularly at least four times in each year and shall be convened by the chairman of the board of directors.</p> <p>An extraordinary board meeting may be convened upon the proposal of chairman of the board of directors, shareholders individually or jointly holding more than one tenth of the total number of shares carrying voting rights of the Company, more than one third of the directors, more than a half of the independent directors, president or the <del>board of supervisors</del> <b><u>audit committee</u></b>. Chairman of the board of directors shall convene and chair the board meeting within 10 days after receiving such proposal.</p>

No.	Original	Revised
32.	<p><b>Article 118</b> The notice of board meeting shall be served to all directors, supervisors and president by means of facsimile or email fourteen days before the date of the meeting (for regular meeting) or by means of written notice five days before the date of the meeting (for extraordinary meeting). In case of emergency, such notice may be waived from the time and content requirement for the notice of an extraordinary board meeting set out in these Articles, provided that an explanation shall be made at the meeting by the convener. In avoidance of doubt, the notice of the extraordinary board meeting under emergency conditions shall be in compliance with the matters set out in clauses (1), (2) and (4) of Article 119 and contain reasonable and necessary information such as reason and resolutions of the relevant meeting.</p>	<p><b>Article 118</b> The notice of board meeting shall be served to all directors; <del>supervisors</del> and president by means of facsimile or email fourteen days before the date of the meeting (for regular meeting) or by means of written notice five days before the date of the meeting (for extraordinary meeting). In case of emergency, such notice may be waived from the time and content requirement for the notice of an extraordinary board meeting set out in these Articles, provided that an explanation shall be made at the meeting by the convener. In avoidance of doubt, the notice of the extraordinary board meeting under emergency conditions shall be in compliance with the matters set out in clauses (1), (2) and (4) of Article 119 and contain reasonable and necessary information such as reason and resolutions of the relevant meeting.</p>

No.	Original	Revised
33.	<p><b>Article 126</b> Where necessary, the board of directors may establish relevant special committees such as the strategy and sustainability committee, remuneration committee, audit committee and nomination committee to provide advice and suggestions for the material decisions of the board of directors and the exercise of duties by the chairman of the board of directors within the scope of authorization of the board of directors. The board of directors shall formulate separate terms of reference for each of the special committees of the board of directors to determine the composition, duties and procedures of meetings of such special committees.</p>	<p><b>Article 126</b> <u>The board of directors of the Company has established the audit committee to exercise the functions and powers of the board of supervisors stipulated in the Company Law and the regulatory rules for the place where the Company's shares are listed. In addition to the establishment of the audit committee,</u> <del>Where necessary,</del> the board of directors may establish relevant special committees such as the strategy and sustainability committee, remuneration committee, <del>audit committee</del> and nomination committee to provide advice and suggestions for the material decisions of the board of directors and the exercise of duties by the chairman of the board of directors within the scope of authorization of the board of directors. <u>The board of directors may also establish other special committees and adjust existing special committees as needed.</u> The board of directors shall formulate separate terms of reference for each of the special committees of the board of directors to determine the composition, duties <u>and authorities</u> and procedures of meetings of such special committees <u>in accordance with laws, administrative regulations, and regulatory rules for the place where the Company's shares are listed.</u></p>

No.	Original	Revised
34.	<p><b>Article 138</b> The president shall formulate rules for his/her work which shall be implemented upon approval of the board of directors.</p> <p>The working rules of the president shall include the following:</p> <p>(1) conditions and procedures for the convention and participants of president meetings;</p> <p>(2) specific duties and work allocation of the president, vice presidents and chief financial officer;</p> <p>(3) scope of authorization regarding the use of funds and assets of the Company and the entering of material contracts, and the system for reporting to the board of directors and the board of supervisors;</p> <p>(4) other matters which the board of directors considers necessary.</p>	<p><b>Article 138</b> The president shall formulate rules for his/her work which shall be implemented upon approval of the board of directors.</p> <p>The working rules of the president shall include the following:</p> <p>(1) conditions and procedures for the convention and participants of president meetings;</p> <p>(2) specific duties and work allocation of the president, vice presidents and chief financial officer;</p> <p>(3) scope of authorization regarding the use of funds and assets of the Company and the entering of material contracts, and the system for reporting to the board of directors <del>and the board of supervisors</del>;</p> <p>(4) other matters which the board of directors considers necessary.</p>
35.	<b>Chapter 14 Board of Supervisors</b>	Deleted.
36.	<b>Article 142</b> The Company shall establish a board of supervisors.	Deleted.

No.	Original	Revised
37.	<p><b>Article 143</b> The board of supervisors shall comprise five supervisors, including three nonemployee representative supervisors and two employee representative supervisors. Non-employee representative supervisors shall be elected and removed at the shareholders' meeting, while employee representatives shall be elected by the employees of the Company through the meeting of employee representatives, meeting of employees or other forms of democratic election.</p> <p>The terms of office of supervisors shall be three years, renewable upon re-election.</p> <p>The board of supervisors shall have one chairman, the election and removal of whom shall be passed by at least two-thirds of the members of the board of supervisors.</p>	Deleted.
38.	<p><b>Article 144</b> If the term of office of a supervisor expires but re-election cannot be held immediately or if any supervisor resigns during his term of office so that the number of the board of supervisors falls short of the statutory minimum, the said supervisor shall continue to fulfill the duties as a supervisor pursuant to the laws, regulations and these Articles until a new supervisor is elected.</p>	Deleted.
39.	<p><b>Article 145</b> The supervisors shall ensure the truthfulness, accuracy and completeness of the information disclosed by the Company.</p>	Deleted.
40.	<p><b>Article 146</b> The supervisors shall not use their connected relationship to prejudice the interests of the Company and shall be liable for indemnity to any loss caused to the Company.</p>	Deleted.



No.	Original	Revised
41.	<b>Article 147</b> Supervisor who violates any laws, regulations, departmental rules or these Articles during the course of performing his duties and causes losses to the Company shall be liable for making compensation for any loss caused to the Company.	Deleted.
42.	<b>Article 148</b> The directors, president and other senior management of the Company shall not act concurrently as supervisors.	Deleted.
43.	<b>Article 149</b> The board of supervisors shall hold at least two meetings each year, with at least one meeting held every six months, which are convened and presided over by the chairman of the board of supervisors. The supervisors may propose to convene extraordinary meetings of the board of supervisors. Where the chairman of the board of supervisors is incapable of performing or fails to perform his/her duties, a supervisor elected by more than half of the supervisors shall convene and preside over the meeting of the board of supervisors.	Deleted.
44.	<b>Article 150</b> The board of supervisors shall establish rules of procedures for the meeting of the board of supervisors specifying the formats of discussion and the voting procedure of the board of supervisors so as to ensure efficiency and scientific decision making in the board of supervisors.	Deleted.
45.	<b>Article 151</b> The board of supervisors shall exercise the following functions and powers in accordance with law:  (i) to review the regular reports of the Company formulated by the board of directors and provide written review opinion;  (ii) to supervise the finance of the Company;	Deleted.

No.	Original	Revised
	<p>(iii) to supervise the directors and senior management in their performance of duties, to require the directors and senior management to submit reports on the performance of their duties, and to propose the dismissal of directors and senior management who have contravened any law, regulations, these Articles or resolutions of shareholders' meetings;</p> <p>(iv) to demand any director and senior management of the Company who acts in a manner which is harmful to the interests of the Company to rectify such behavior;</p> <p>(v) to propose to convene an extraordinary shareholders' meeting of the board of directors and to convene and preside over shareholders' meetings when the board of directors fails to perform such duty;</p> <p>(vi) to make proposals at a shareholders' meeting;</p> <p>(vii) to institute a lawsuit against the directors or senior management in accordance with the Company Law;</p> <p>(viii) to conduct investigations whenever unusual operation conditions of the Company arise and if necessary, to engage professional institutions such as firms of accountants and lawyers to assist in the investigations at the cost of the Company;</p> <p>(ix) other functions and powers conferred by the shareholders' meeting.</p> <p>Supervisors shall be present at meetings of the board of directors.</p>	

No.	Original	Revised
46.	<p><b>Article 152</b> Given for proper reasons, supervisors are entitled to demand the chairman of the board of supervisors for convening the extraordinary meeting of the supervisory board.</p> <p>A meeting of the board of supervisors shall not be conducted unless it is attended by more than two-thirds of the supervisors. Voting at the meeting board of supervisors shall be carried out by poll or by a show of hands and each supervisor shall have one vote. A supervisor shall attend meetings of the board of supervisors in person or appoint in writing another supervisor to attend the meeting on his/her behalf due to his/her absence. The letter of authorization shall specify the agent's name, the matters to be represented, the extent of authorization and the effective period, and shall be signed or sealed by the principal.</p> <p>Both resolution at regular meetings and extraordinary meetings of the board of supervisors are resolution of meeting of the supervisory board, which shall be approved by the votes of at least two-thirds (including two-thirds) of members of the board of supervisors.</p>	Deleted.
47.	<p><b>Article 153</b> The board of supervisors shall record all matters considered at the meeting into the meeting minutes. Participating supervisors shall sign the meeting minutes for confirmation. Supervisors are entitled the right to make certain written explanations for the statements expressed at the meeting in the minutes. The meeting minutes of the board of supervisors shall be kept as corporate documents for at least 10 years.</p>	Deleted.

No.	Original	Revised
48.	<p><b>Article 154</b> All reasonable expenses incurred in respect of the employment of professionals such as lawyers, certified public accountants or practicing auditors as are required by the board of supervisors in discharging its duties shall be borne by the Company.</p> <p>Reasonable expenses incurred by supervisors in attending meeting of the board of supervisors shall be borne by the Company. Such expenses shall include the travelling expenses from the place of domicile of the supervisors to the place of the meeting (if it is not at the place of domicile of the supervisors), catering and accommodation expenses during the meeting, rental of the venue and local transportation expenses.</p>	Deleted.
49.	<p><b>Article 155</b> Supervisors shall carry out their duties honestly and faithfully in accordance with the laws, regulations and these Articles.</p>	Deleted.
50.	<p><b>Chapter 15 Qualifications and Duties of the Directors, Supervisors, President and Other Senior Management of the Company</b></p>	<p><b>Chapter 15<del>4</del> Qualifications and Duties of the Directors, <del>Supervisors</del>, President and Other Senior Management of the Company</b></p>

No.	Original	Revised
51.	<p><b>Article 156</b> A person may not serve as a director, supervisor, president, or any other senior management of the Company if any of the following circumstances applies:</p> <p>(1) a person without legal or with restricted legal capacity;</p> <p>(2) a person who has been sentenced for corruption, bribery, infringement of property, misappropriation of property or sabotaging the socialist market economic order and has been punished because of committing such offence, or who has been deprived of his political rights due to offences committed, where less than 5 years have elapsed, or a person who has been placed under probation, and less than two years have elapsed since the date of the completion of the probation;</p> <p>(3) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and is personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;</p> <p>(4) a person who is a former legal representative of a company or enterprise which had its business licence revoked and had been ordered to close down due to a violation of the law and who incurred personal liability, where less than 3 years has elapsed since the date of the revocation of the business license and was ordered to close;</p>	<p><b>Article 156<del>42</del></b> A person may not serve as a director, <del>supervisor</del>, president, or any other senior management of the Company if any of the following circumstances applies:</p> <p>(1) a person without legal or with restricted legal capacity;</p> <p>(2) a person who has been sentenced for corruption, bribery, infringement of property, misappropriation of property or sabotaging the socialist market economic order and has been punished because of committing such offence, or who has been deprived of his political rights due to offences committed, where less than 5 years have elapsed, or a person who has been placed under probation, and less than two years have elapsed since the date of the completion of the probation;</p> <p>(3) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and is personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;</p> <p>(4) a person who is a former legal representative of a company or enterprise which had its business licence revoked and had been ordered to close down due to a violation of the law and who incurred personal liability, where less than 3 years has elapsed since the date of the revocation of the business license and was ordered to close;</p>

No.	Original	Revised
	<p>(5) a person, who is listed as defaulters by the People's Court due to a relatively large amount of debts due and outstanding;</p> <p>(6) a person who has been banned from the securities market by the CSRC for a period that has not yet expired;</p> <p>(7) other contents specified by laws and regulations or departmental rules;</p> <p>(8) any other circumstances as prescribed by the relevant laws and regulations of the place where the Company's shares are listed.</p>	<p>(5) a person, who is listed as defaulters by the People's Court due to a relatively large amount of debts due and outstanding;</p> <p>(6) a person who has been banned from the securities market by the CSRC for a period that has not yet expired;_</p> <p><b><u>(7) A person who have been publicly identified by the stock exchange where the Company's shares are listed as unfit to serve as a director or senior management personnel, etc., of a listed company, and the time limit has not expired;</u></b></p> <p>(78) other contents specified by laws and regulations or departmental rules;</p> <p>(89) any other circumstances as prescribed by the relevant laws and regulations of the place where the Company's shares are listed.</p>

No.	Original	Revised
52.	<p><b>Article 158</b> Directors, supervisors, presidents and other senior management personnel of the Company owe a duty of loyalty to the Company. They shall take measures to avoid conflicts of interest between their own interests and those of the Company and shall not take advantage of their positions to seek improper benefits.</p> <p>Directors, supervisors, presidents and other senior management personnel of the Company owe a duty of diligence to the Company. In performing their duties, they shall exercise the level of care that a reasonably prudent manager would exercise in the best interests of the Company.</p> <p>Each of the Company's directors, supervisors, president, and other senior management owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.</p>	<p><b>Article 15844</b> Directors, <del>supervisors</del>, presidents and other senior management personnel of the Company owe a duty of loyalty to the Company. They shall take measures to avoid conflicts of interest between their own interests and those of the Company and shall not take advantage of their positions to seek improper benefits.</p> <p>Directors, <del>supervisors</del>, presidents and other senior management personnel of the Company owe a duty of diligence to the Company. In performing their duties, they shall exercise the level of care that a reasonably prudent manager would exercise in the best interests of the Company.</p> <p>Each of the Company's directors, <del>supervisors</del>, president, and other senior management owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.</p>

No.	Original	Revised
53.	<p><b>Article 159</b> Each of the Company's directors, supervisors, president and other senior management shall carry out his duties in accordance with the principle of fiduciary and shall not put himself in a position where his duty and his interest may conflict. This principle applies to, among others, the discharge of the following obligations:</p> <p>.....</p> <p>(5) Any contract or transaction entered directly or indirectly with the Company must be reported to the board of directors or the shareholders' meeting, and approved by resolution of the board of directors or the shareholders' meeting in accordance with these Articles. The same applies to contracts or transactions with the Company involving the close relatives of directors, supervisors, and senior management personnel, enterprises directly or indirectly controlled by directors, supervisors, senior management personnel or their close relatives, and other related parties with connected relationships to directors, supervisors, and senior management personnel;</p> <p>.....</p>	<p><b>Article 159<del>45</del></b> Each of the Company's directors, <del>supervisors</del>, president and other senior management shall carry out his duties in accordance with the principle of fiduciary and shall not put himself in a position where his duty and his interest may conflict. This principle applies to, among others, the discharge of the following obligations:</p> <p>.....</p> <p>(5) Any contract or transaction entered directly or indirectly with the Company must be reported to the board of directors or the shareholders' meeting, and approved by resolution of the board of directors or the shareholders' meeting in accordance with these Articles. The same applies to contracts or transactions with the Company involving the close relatives of directors, <del>supervisors</del>, and senior management personnel, enterprises directly or indirectly controlled by directors, <del>supervisors</del>, senior management personnel or their close relatives, and other related parties with connected relationships to directors; <del>supervisors</del>, and senior management personnel;</p> <p>.....</p>



No.	Original	Revised
	<p>(13) without the informed consent of shareholders in shareholders' meeting, not to disclose any confidential information relating to the Company acquired by him during his tenure and not to use such information in purposes other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental competent authorities is permitted if:</p> <p>(i) disclosure is made under compulsion of law;</p> <p>(ii) the interests of the public require disclosure;</p> <p>(iii) the interests of the relevant director, supervisor, president, and other senior management require disclosure.</p> <p>Any income received by any person mentioned in this Article from violating the provisions of this Article shall belong to the Company and any losses incurred by the Company shall be borne by such person.</p>	<p>(13) without the informed consent of shareholders in shareholders' meeting, not to disclose any confidential information relating to the Company acquired by him during his tenure and not to use such information in purposes other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental competent authorities is permitted if:</p> <p>(i) disclosure is made under compulsion of law;</p> <p>(ii) the interests of the public require disclosure;</p> <p>(iii) the interests of the relevant director, <del>supervisor</del>, president, and other senior management require disclosure.</p> <p>Any income received by any person mentioned in this Article from violating the provisions of this Article shall belong to the Company and any losses incurred by the Company shall be borne by such person.</p>

No.	Original	Revised
54.	<p><b>Article 160</b> Each director, supervisor, president, and other senior management of the Company shall not cause the following persons or institutions (“associates”) to do what he is prohibited from doing:</p> <p>(1) the spouse or minor child of that director, supervisor, president, and other senior management;</p> <p>(2) a person acting in the capacity of trustee of that director, supervisor, president, and other senior management or any person referred to in paragraph (1) of this Article;</p> <p>(3) a person acting in the capacity of partner of that director, supervisor, president, and other senior management or any person referred to in paragraphs (1) and (2) of this Article;</p> <p>(4) a company in which that such director, supervisor, president, and other senior management of the Company alone or jointly with one or more persons referred to in paragraphs (1), (2) and (3) of this Article or other directors, supervisors, president and other senior management of the Company have a de facto controlling interest; and</p> <p>(5) the directors, supervisors, president, and other senior management of the controlled company referred to in paragraph (4) of this Article.</p>	<p><b>Article 160<del>46</del></b> Each director, <del>supervisor</del>, president, and other senior management of the Company shall not cause the following persons or institutions (“associates”) to do what he is prohibited from doing:</p> <p>(1) the spouse or minor child of that director, <del>supervisor</del>, president, and other senior management;</p> <p>(2) a person acting in the capacity of trustee of that director, <del>supervisor</del>, president, and other senior management or any person referred to in paragraph (1) of this Article;</p> <p>(3) a person acting in the capacity of partner of that director, <del>supervisor</del>, president, and other senior management or any person referred to in paragraphs (1) and (2) of this Article;</p> <p>(4) a company in which that such director, <del>supervisor</del>, president, and other senior management of the Company alone or jointly with one or more persons referred to in paragraphs (1), (2) and (3) of this Article or other directors, <del>supervisors</del>, president and other senior management of the Company have a de facto controlling interest; and</p> <p>(5) the directors, <del>supervisors</del>, president, and other senior management of the controlled company referred to in paragraph (4) of this Article.</p>

No.	Original	Revised
55.	<b>Article 161</b> The fiduciary duties of the directors, supervisors, president, and other senior management of the Company do not necessarily cease with the termination of their tenure. The duty of confidence in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of tenure and the occurrence of the event concerned and the circumstances under which the relationships between them and the Company are terminated.	<b>Article 161<del>47</del></b> The fiduciary duties of the directors, <del>supervisors</del> , president, and other senior management of the Company do not necessarily cease with the termination of their tenure. The duty of confidence in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of tenure and the occurrence of the event concerned and the circumstances under which the relationships between them and the Company are terminated.
56.	<b>Article 162</b> A director, supervisor, president, and other senior management of the Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders given at a shareholders' meeting.	<b>Article 162<del>48</del></b> A director, <del>supervisor</del> , president, and other senior management of the Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders given at a shareholders' meeting.
57.	<b>Chapter 16 Financial and Accounting System and Profit Distribution</b>	<b>Chapter 16<del>5</del> Financial and Accounting System<del>and</del>, Profit Distribution and Audit</b>
58.	<b>Newly added</b>	<b><u>Section 1 Financial and Accounting System and Profit Distribution</u></b>
59.	<b>Article 172</b> .....  Where the Company distributes the profits to shareholders in breach of the provisions of the preceding paragraphs, the shareholder shall return to the Company such profits distributed in violation of the provisions. The shareholders and responsible directors, supervisors and senior management shall be liable for compensation if the Company suffers losses therefrom.  Shares of the Company held by the Company shall not be entitled to any profit distribution.	<b>Article 172<del>58</del></b> .....  Where the Company distributes the profits to shareholders in breach of the provisions of the preceding paragraphs, the shareholder shall return to the Company such profits distributed in violation of the provisions. The shareholders and responsible directors; <del>supervisors</del> and senior management shall be liable for compensation if the Company suffers losses therefrom.  Shares of the Company held by the Company shall not be entitled to any profit distribution.

No.	Original	Revised
60.	Newly added	<u>Section 2 Internal Audit</u>
61.	Newly added	<u>Article 164 The Company shall adopt an internal audit system, which clarifies the leadership system, duties and powers and authorities, staffing, financial support, application of audit results and accountability for internal audit work. The Company's internal audit basic management system will be implemented after approval by the board of directors.</u>
62.	Newly added	<u>Article 165 The internal audit institution of the Company shall supervise and inspect matters such as the Company's business activities, risk management, internal control and financial information.</u>
63.	Newly added	<u>Article 166 The internal audit organization of the Company is accountable to the board of directors. During the supervision and inspection of the Company's business activities, risk management, internal control and financial information, the internal audit organization shall be subject to the oversight and guidance of the audit committee. If the internal audit organization discovers any significant issues or leads, it shall immediately report directly to the audit committee.</u>
64.	Newly added	<u>Article 167 The internal audit institution shall be responsible for the specific organization and implementation of the Company's internal control evaluation. The Company shall issue its annual internal control evaluation report based on the evaluation report and relevant information issued by the internal audit institution and considered by the audit committee.</u>

No.	Original	Revised
65.	Newly added	<u>Article 168 When the audit committee communicates with external auditors, the internal audit institution should actively cooperate and provide necessary support and collaboration.</u>
66.	<p><b>Article 203</b> .....</p> <p>(3) Connected relationship refers to the relationship between the controlling shareholders, de facto controllers, directors, supervisors or senior management and enterprises under their direct or indirect control, and any other relationship that may lead to the transfer of any interests in the Company under the Listing Rules of the Hong Kong Stock Exchange. However, relationship between state-owned enterprises shall not be deemed as connected relationship solely because they are under common control of the government. .....</p>	<p><b>Article 203<del>194</del></b> .....</p> <p>(3) Connected relationship refers to the relationship between the controlling shareholders, de facto controllers, directors, <del>supervisors</del> or senior management and enterprises under their direct or indirect control, and any other relationship that may lead to the transfer of any interests in the Company under the Listing Rules of the Hong Kong Stock Exchange. However, relationship between state-owned enterprises shall not be deemed as connected relationship solely because they are under common control of the government. .....</p>
<p>The adjustments to the provisions numbers (including the provisions numbers of the provisions referenced in the specific provisions) and the margin notes of the provisions of the Articles of Association resulting from the adjustments to these Articles of Association apply uniformly throughout the entire text and are not presented individually in this table.</p>		

No.	Original	Revised
1.	<p><b>Article 2</b> These Rules shall apply to the shareholders' meetings of the Company and shall be binding on the Company, all shareholders, shareholders' proxies, directors, supervisors and senior management of the Company and other relevant persons attending and present at the shareholders' meetings.</p>	<p><b>Article 2</b> These Rules shall apply to the shareholders' meetings of the Company and shall be binding on the Company, all shareholders, shareholders' proxies, directors, <del>supervisors</del> and senior management of the Company and other relevant persons attending and present at the shareholders' meetings.</p>
2.	<p><b>Article 3</b> The shareholders' meeting consists of all Shareholders of the Company which shall be the institution of authority of the Company and shall exercise lawful duties as follows:</p> <p>(1) to elect and replace directors and supervisors that are not staff representatives and decide on matters relating to their remuneration;</p> <p>(2) to consider and approve the reports of the board of directors of the Company;</p> <p>(3) to consider and approve the reports of the board of supervisors the Company;</p> <p>(4) to consider and approve the Company's profit distribution plans and plans for making up losses;</p> <p>(5) to resolve on the increase or reduction of the Company's registered capital;</p> <p>(6) to resolve on the issuance of debentures;</p> <p>(7) to pass resolutions on matters such as the merger, division, dissolution, liquidation or change of corporate form of the Company;</p>	<p><b>Article 3</b> The shareholders' meeting consists of all Shareholders of the Company which shall be the institution of authority of the Company and shall exercise lawful duties as follows:</p> <p>(1) to elect and replace directors <del>and supervisors</del> that are not staff representatives and decide on matters relating to their remuneration;</p> <p>(2) to consider and approve the reports of the board of directors of the Company;</p> <p><del>(3) to consider and approve the reports of the board of supervisors of the Company;</del></p> <p><del>(4)</del> <u>(3)</u> to consider and approve the Company's profit distribution plans and plans for making up losses;</p> <p><del>(5)</del> <u>(4)</u> to resolve on the increase or reduction of the Company's registered capital;</p> <p><del>(6)</del> <u>(5)</u> to resolve on the issuance of debentures;</p> <p><del>(7)</del> <u>(6)</u> to pass resolutions on matters such as the merger, division, dissolution, liquidation or change of corporate form of the Company;</p>

No.	Original	Revised
	<p>(8) to amend the Articles of Association;</p> <p>(9) to resolve on the engagement or termination of engagement o f the accountants' firm of the Company which provides audit to the annual financial statements of the Company;</p> <p>(10) to consider and approve the guarantees required to be considered at general meetings under the Articles of Association;</p> <p>(11) to consider the acquisition or disposal of significant assets within one year which account for more than 30% of the latest audited total assets of the Company;</p> <p>(12) to consider and approve the share incentive scheme;</p> <p>(13) to consider and approve pledge of asset, external investment and commissioned financial matters which account for more than 50% of the latest audited net assets of the Company and connected transactions which account for more than 20% of the latest audited net assets of the Company;</p> <p>(14) to consider the motions raised by shareholders who represent more than 1% (inclusive) of the total number of voting shares of the Company;</p> <p>(15) to consider other matters which, according to the laws, administrative regulations and departmental rules and regulations or the Articles of Association, should be resolved by the shareholders of the Company at general meetings.</p>	<p><del>(87)</del> to amend the Articles of Association;</p> <p><del>(98)</del> to resolve on the engagement or termination of engagement of the accountants' firm of the Company which provides audit to the annual financial statements of the Company;</p> <p><del>(109)</del> to consider and approve the guarantees required to be considered at general meetings under the Articles of Association;</p> <p><del>(110)</del> to consider the acquisition or disposal of significant assets within one year which account for more than 30% of the latest audited total assets of the Company;</p> <p><del>(121)</del> to consider and approve the share incentive scheme;</p> <p><del>(1312)</del> to consider and approve pledge of asset, external investment and commissioned financial matters which account for more than 50% of the latest audited net assets of the Company and connected transactions which account for more than 20% of the latest audited net assets of the Company;</p> <p><del>(1413)</del> to consider the motions raised by shareholders who represent more than 1% (inclusive) of the total number of voting shares of the Company;</p> <p><del>(1514)</del> to consider other matters which, according to the laws, administrative regulations and departmental rules and regulations or the Articles of Association, should be resolved by the shareholders of the Company at general meetings.</p>

No.	Original	Revised
3.	<p><b>Article 4</b> The shareholders' meeting shall be convened by the board of directors, and if the board of directors is unable to perform or fails to perform its duty to convene the shareholders' meeting, the board of supervisors shall promptly convene the meeting; If the board of supervisors does not convene the meeting, shareholders who individually or collectively hold more than ten percent of the Company's shares for more than ninety consecutive days may convene the meeting on their own.</p>	<p><b>Article 4</b> The shareholders' meeting shall be convened by the board of directors, and if the board of directors is unable to perform or fails to perform its duty to convene the shareholders' meeting, the <del>board of supervisors</del> <u>audit committee</u> shall promptly convene the meeting; If the <del>board of supervisors</del> <u>audit committee</u> does not convene the meeting, shareholders who individually or collectively hold more than ten percent of the Company's shares for more than ninety consecutive days may convene the meeting on their own.</p>
4.	<p><b>Article 7</b> The board of directors shall convene an extraordinary shareholders' meeting within two months of the occurrence of any one of the following events:</p> <p>(1) when the number of directors is less than the statutory minimum number (i.e. three) stipulated in the Company Law or two-thirds of the number specified in the Articles of Association;</p> <p>(2) when the unrecovered losses of the Company amount to one third of the total amount of its paid-in share capital;</p> <p>(3) when any shareholder individually or jointly holding ten percent or more of the total voting shares of the Company requests in writing for the convocation of an extraordinary shareholders' meeting;</p> <p>(4) when deemed necessary by the board of directors;</p> <p>(5) when requested by the board of supervisors;</p> <p>.....</p>	<p><b>Article 7</b> The board of directors shall convene an extraordinary shareholders' meeting within two months of the occurrence of any one of the following events:</p> <p>(1) when the number of directors is less than the statutory minimum number (i.e. three) stipulated in the Company Law or two-thirds of the number specified in the Articles of Association;</p> <p>(2) when the unrecovered losses of the Company amount to one third of the total amount of its paid-in share capital;</p> <p>(3) when any shareholder individually or jointly holding ten percent or more of the total voting shares of the Company requests in writing for the convocation of an extraordinary shareholders' meeting;</p> <p>(4) when deemed necessary by the board of directors;</p> <p>(5) when requested by the <del>board of supervisors</del> <u>audit committee</u>;</p> <p>.....</p>



No.	Original	Revised
5.	<p><b>Article 10</b> When shareholders or the board of supervisors request for the convening of an extraordinary shareholders' meeting or any class meeting, the following procedures shall be followed:</p> <p>(1) Shareholder(s) who individually or jointly hold 10% or more of the shares carrying the right to vote at the meeting or the board of supervisors can request the board of directors to convene an extraordinary shareholders' meeting or a class meeting by signing one or several copies of written request(s) in the same form and content, and stating the motions proposed. The amount of shares referred to above shall be calculated as at the date of making the request. The board of directors shall reply as specified in the request on whether or not the board of directors agrees to convene an extraordinary shareholders' meeting or a class meeting within ten days upon the receipt of such written requests.</p> <p>(2) In the event that the board of directors agrees to convene an extraordinary shareholders' meeting or a class meeting, the notice of the shareholders' meeting or a class meeting shall be issued within five days after the passing of the relevant resolution of the board of directors. Consent of the original proposer(s) shall be obtained in the event of any changes made to the original proposal in the notice.</p>	<p><b>Article 10</b> When shareholders or the <del>board of supervisors</del> <u>audit committee</u> request for the convening of an extraordinary shareholders' meeting or any class meeting, the following procedures shall be followed:</p> <p>(1) Shareholder(s) who individually or jointly hold 10% or more of the shares carrying the right to vote at the meeting or the <del>board of supervisors</del> <u>audit committee</u> can request the board of directors to convene an extraordinary shareholders' meeting or a class meeting by signing one or several copies of written request(s) in the same form and content, and stating the motions proposed. The amount of shares referred to above shall be calculated as at the date of making the request. The board of directors shall reply as specified in the request on whether or not the board of directors agrees to convene an extraordinary shareholders' meeting or a class meeting within ten days upon the receipt of such written requests.</p> <p>(2) In the event that the board of directors agrees to convene an extraordinary shareholders' meeting or a class meeting, the notice of the shareholders' meeting or a class meeting shall be issued within five days after the passing of the relevant resolution of the board of directors. Consent of the original proposer(s) shall be obtained in the event of any changes made to the original proposal in the notice.</p>

No.	Original	Revised
	<p>(3) If the board of directors disagrees with the board of supervisors' proposal to convene an extraordinary shareholders' meeting or a class meeting, or fails to provide feedback within 10 days of receiving the request, it shall be deemed that the board of directors is unable or unwilling to perform its duty to convene such meetings. In this case, the board of supervisors may convene and preside over the meeting itself. The procedures for convening the meeting should, as far as possible, be the same as those for meetings convened by the Board of Directors.</p> <p>(4) If the board of directors disagrees with the request of shareholders to convene an extraordinary shareholders' meeting or a class meeting, or fails to provide feedback within 10 days of receiving the request, the relevant shareholders shall have the right to propose in writing to the board of supervisors to convene an extraordinary shareholders' meeting or a class meeting.</p> <p>(5) If the board of supervisors agrees to convene an extraordinary shareholders' meeting or a class meeting, it shall issue a notice of the meeting within 5 days of receiving the request. Any changes to the original request in the notice must be approved by the original proposer.</p>	<p>(3) If the board of directors disagrees with the <del>board of supervisors</del> <b><u>audit committee</u></b>' proposal to convene an extraordinary shareholders' meeting or a class meeting, or fails to provide feedback within 10 days of receiving the request, it shall be deemed that the board of directors is unable or unwilling to perform its duty to convene such meetings. In this case, the <del>board of supervisors</del> <b><u>audit committee</u></b> may convene and preside over the meeting itself. The procedures for convening the meeting should, as far as possible, be the same as those for meetings convened by the Board of Directors.</p> <p>(4) If the board of directors disagrees with the request of shareholders to convene an extraordinary shareholders' meeting or a class meeting, or fails to provide feedback within 10 days of receiving the request, the relevant shareholders shall have the right to propose in writing to the <del>board of supervisors</del> <b><u>audit committee</u></b> to convene an extraordinary shareholders' meeting or a class meeting.</p> <p>(5) If the <del>board of supervisors</del> <b><u>audit committee</u></b> agrees to convene an extraordinary shareholders' meeting or a class meeting, it shall issue a notice of the meeting within 5 days of receiving the request. Any changes to the original request in the notice must be approved by the original proposer.</p>

No.	Original	Revised
	<p>(6) If the board of supervisors fails to issue a notice of the shareholders' meeting or a class meeting within the prescribed period, it shall be deemed that the board of supervisors is not convening or presiding over the shareholders' meeting or class meeting. In such a case, shareholders who individually or collectively hold more than 10% of the Company's voting shares for more than 90 consecutive days may convene and preside over the meeting themselves. The procedures for convening the meeting should, as far as possible, be the same as those for meetings convened by the board of directors.</p> <p>All reasonable expenses incurred for such meeting convened by the Shareholders or the board of supervisors as a result of the failure of the board of directors to convene a meeting as required by the above request(s) shall be borne by the Company and be set off against sums owed by the Company to the defaulting directors.</p>	<p>(6) If the <del>board of supervisors</del> <b>audit committee</b> fails to issue a notice of the shareholders' meeting or a class meeting within the prescribed period, it shall be deemed that the <del>board of supervisors</del> <b>audit committee</b> is not convening or presiding over the shareholders' meeting or class meeting. In such a case, shareholders who individually or collectively hold more than 10% of the Company's voting shares for more than 90 consecutive days may convene and preside over the meeting themselves. The procedures for convening the meeting should, as far as possible, be the same as those for meetings convened by the board of directors.</p> <p>All reasonable expenses incurred for such meeting convened by the Shareholders or the <del>board of supervisors</del> <b>audit committee</b> as a result of the failure of the board of directors to convene a meeting as required by the above request(s) shall be borne by the Company and be set off against sums owed by the Company to the defaulting directors.</p>
6.	<p><b>Article 11</b> In the event that the board of supervisors or the shareholders of the Company decide to convene a shareholders' meeting on its own, it or he shall notify the board of directors of the Company in writing and deliver the meeting notice. Before passing a resolution at the shareholders' meeting, the percentage of shareholding held by the convening shareholders shall not be less than ten percent.</p>	<p><b>Article 11</b> In the event that the <del>board of supervisors</del> <b>audit committee</b> or the shareholders of the Company decide to convene a shareholders' meeting on its own, it or he shall notify the board of directors of the Company in writing and deliver the meeting notice. Before passing a resolution at the shareholders' meeting, the percentage of shareholding held by the convening shareholders shall not be less than ten percent.</p>

No.	Original	Revised
7.	<p><b>Article 12</b> The board of directors and the secretary of the board of directors shall cooperate for the shareholders' meeting convened by the board of supervisors or shareholders. The board of directors shall provide the register of shareholders. The register of shareholders obtained by the convener shall not be used for purposes other than the convening of the shareholders' meeting.</p>	<p><b>Article 12</b> The board of directors and the secretary of the board of directors shall cooperate for the shareholders' meeting convened by the <del>board of supervisors</del> <u>audit committee</u> or shareholders. The board of directors shall provide the register of shareholders. The register of shareholders obtained by the convener shall not be used for purposes other than the convening of the shareholders' meeting.</p>
8.	<p><b>Article 14</b> Prior to the issuance of the notice for the convening of a shareholders' meeting by the Company, the following organisations and persons may submit proposals to the shareholders' meeting:</p> <p>(i) the board of directors;</p> <p>(ii) the board of supervisors;</p> <p>(iii) shareholders who individually or collectively hold more than 1% of the shares of the Company;</p> <p>(iv) more than half of the independent directors.</p>	<p><b>Article 14</b> Prior to the issuance of the notice for the convening of a shareholders' meeting by the Company, the following organisations and persons may submit proposals to the shareholders' meeting:</p> <p>(i) the board of directors;</p> <p>(ii) the <del>board of supervisors</del> <u>audit committee</u>;</p> <p>(iii) shareholders who individually or collectively hold more than 1% of the shares of the Company;</p> <p>(iv) more than half of the independent directors.</p>

No.	Original	Revised
9.	<p><b>Article 15</b> Shareholders individually or collectively holding 1% or more of the shares of the Company may submit any extraordinary proposals in writing to the convener of the meeting within 10 days prior to the date of the shareholders' meeting. The convener shall issue supplemental notice of shareholders' meeting within two days upon the receipt of the proposals and submit the interim proposal to the extraordinary shareholders' meeting for consideration. If the convener decides not to include the proposal in the agenda of the shareholders' meeting, he/she shall explain and justify the proposal at that shareholders' meeting.</p>	<p><b>Article 15</b> Shareholders individually or collectively holding 1% or more of the shares of the Company may submit any extraordinary proposals in writing to the convener of the meeting within 10 days prior to the date of the shareholders' meeting. The convener shall issue supplemental notice of shareholders' meeting within two days upon the receipt of the proposals and submit the interim proposal to the extraordinary shareholders' meeting for consideration, <u><b>unless the extraordinary proposals violate the provisions of the laws, administrative regulations and the Articles of Association, or do not fall within the scope of the shareholders' meeting.</b></u> If the convener decides not to include the proposal in the agenda of the shareholders' meeting, he/she shall explain and justify the proposal at that shareholders' meeting.</p>
10.	<p><b>Article 16</b> Proposals for elections of director and supervisor at the shareholders' meeting shall fully disclose the details of the candidates of directors and supervisors including the following particulars: .....</p>	<p><b>Article 16</b> Proposals for elections of director <del>and supervisor</del> at the shareholders' meeting shall fully disclose the details of the candidates of directors <del>and supervisors</del> including the following particulars: .....</p>

No.	Original	Revised
11.	<p><b>Article 20</b> The notice of a shareholders' meeting shall meet the following criteria: .....</p> <p>(5) it shall disclose the nature and degree of the material interest of any director, supervisor, the president and other senior management in the matters to be considered. In case that the impact of the matters to be considered on such director, supervisor, president and other senior management as a shareholder is different from that on other holders of the same class of shares, the difference shall be explained; .....</p>	<p><b>Article 20</b> The notice of a shareholders' meeting shall meet the following criteria: .....</p> <p>(5) it shall disclose the nature and degree of the material interest of any director, <del>supervisor</del>, the president and other senior management in the matters to be considered. In case that the impact of the matters to be considered on such director, <del>supervisor</del>, president and other senior management as a shareholder is different from that on other holders of the same class of shares, the difference shall be explained; .....</p>
12.	<p><b>Article 29</b> Shareholders or proxies who have not signed the roll are deemed to be absent from the meeting and abstained from voting on the resolutions. The convener shall verify the legitimacy of Shareholders' qualification. The registration for the meeting shall be closed before the chairperson of the meeting announces the number of Shareholders and proxies attending the meeting and the total number of voting shares represented by them.</p>	<p><b>Article 29</b> Shareholders or proxies who have not signed the roll are deemed to be absent from the meeting and abstained from voting on the resolutions. The convener shall verify the legitimacy of Shareholders' qualification. The registration for the meeting shall be closed before the chairperson of the meeting announces the number of Shareholders and proxies <del>attending</del> at the meeting and the total number of voting shares represented by them.</p>

No.	Original	Revised
13.	<p><b>Article 31</b> The location for holding a shareholders' meeting of the Company shall be the domicile of the Company or such other place as specified in the notice of the shareholders' meeting in general. A venue shall be set aside for the convening of a physical shareholders' meeting. Provided that the legality and validity of the shareholders' meeting are ensured, the Company may convene and vote at shareholders' meetings through electronic communication means, in accordance with the provisions of laws, administrative regulations, the stock exchange where the Company's shares are listed, relevant regulatory authorities, and the Articles of Association, where technically feasible. The shareholders that have participated in the shareholders' meeting through access of any aforesaid means shall be deemed as having attended the meeting.</p>	<p><b>Article 31</b> The location for holding a shareholders' meeting of the Company shall be the domicile of the Company or such other place as specified in the notice of the shareholders' meeting in general. A venue shall be set aside for the convening of a physical shareholders' meeting. Provided that the legality and validity of the shareholders' meeting are ensured, <u>the Company may also facilitate shareholders to attend shareholders' meetings by electronic means.</u> <del>the Company may convene and vote at shareholders' meetings through electronic communication means, in accordance with the provisions of laws, administrative regulations, the stock exchange where the Company's shares are listed, relevant regulatory authorities, and the Articles of Association, where technically feasible.</del> The shareholders that have participated in the shareholders' meeting through access of any aforesaid means shall be deemed as having attended the meeting-, <u>they also have the right to speak and vote at shareholders' meetings.</u></p>
14.	<p><b>Article 33</b> When a shareholders meeting is held, all directors, supervisors and the secretary to the board of directors of the Company shall attend the meeting, and the president and other senior management shall attend the meeting.</p>	<p><b>Article 33</b> When a shareholders meeting is held, all directors, <del>supervisors</del> and the secretary to the board of directors of the Company shall attend the meeting, and the president and other senior management shall attend the meeting.</p>

No.	Original	Revised
15.	<p><b>Article 34</b> .....</p> <p>The chairman of the board of supervisors shall preside over the shareholders' meetings convened by the board of supervisors at its sole discretion. In the event that the chairman of the board of supervisors is unable to or fails to fulfill the required obligations, the meeting shall be presided over by a supervisor jointly elected by more than half of the supervisors.</p> <p>For the shareholders' meetings convened by shareholders, the conveners shall nominate a representative to preside over the meeting.</p> <p>For the shareholders' meetings convened by shareholders, the conveners shall nominate a representative to preside over the meeting. In the event that the chairman of the meeting violates the rules of procedures that results in the shareholders' meeting being unable to continue, upon approval by the shareholders representing more than half of the voting rights present at the meeting, a person may be elected to chair the shareholders' meeting and the meeting shall continue. If, for any reason, the shareholders fail to elect one to be the chairman, the attending shareholder (or his proxy) who holds the most voting shares shall be the chairman.</p>	<p><b>Article 34</b> .....</p> <p>The chairman of the <del>board of supervisors</del> <u>audit committee</u> shall preside over the shareholders' meetings convened by the <del>board of supervisors</del> <u>audit committee</u> at its sole discretion. In the event that the chairman of the <del>board of supervisors</del> <u>audit committee</u> is unable to or fails to fulfill the required obligations, the meeting shall be presided over by a <del>supervisor</del> <u>member of audit committee</u> jointly elected by more than half of the <del>supervisors</del> <u>members of audit committee</u>.</p> <p>For the shareholders' meetings convened by shareholders, the conveners shall nominate a representative to preside over the meeting.</p> <p>For the shareholders' meetings convened by shareholders, the conveners shall nominate a representative to preside over the meeting. In the event that the chairman of the meeting violates the rules of procedures that results in the shareholders' meeting being unable to continue, upon approval by the shareholders representing more than half of the voting rights <del>present</del> at the meeting, a person may be elected to chair the shareholders' meeting and the meeting shall continue. If, for any reason, the shareholders fail to elect one to be the chairman, the attending shareholder (or his proxy) who holds the most voting shares shall be the chairman.</p>



No.	Original	Revised
16.	<b>Article 35</b> The chairman of the meeting shall announce the number of shareholders and proxies present at the meeting and the total number of voting shares held by them before voting. The record of the meeting which states the number of shareholders and proxies present at the meeting and the total number of voting shares held by them shall prevail.	<b>Article 35</b> The chairman of the meeting shall announce the number of shareholders and proxies <del>present</del> at the meeting and the total number of voting shares held by them before voting. The record of the meeting which states the number of shareholders and proxies <del>present</del> at the meeting and the total number of voting shares held by them shall prevail.
17.	<b>Article 36</b> At the annual general meeting, the board of directors and the board of supervisors shall report to the shareholders' meeting on its work in the past year.	<b>Article 36</b> At the annual general meeting, the board of directors <del>and the board of supervisors</del> shall report to the shareholders' meeting on its work in the past year.
18.	<b>Article 37</b> Except for those related to the trade secrets of the Company, the directors, supervisors and senior management members shall give elaborations and explanations to the queries raised and suggestions made by the shareholders at the general meetings.	<b>Article 37</b> Except for those related to the trade secrets of the Company, the directors, <del>supervisors</del> and senior management members shall give elaborations and explanations to the queries raised and suggestions made by the shareholders at the general meetings.

No.	Original	Revised
19.	<p><b>Article 44</b> .....</p> <p>Before voting takes place on a proposal at a shareholders' meeting, two shareholders' representatives shall be elected to participate in vote counting and scrutinizing. In the event that a shareholder has an interest in a matter to be considered, the relevant shareholder and his proxy shall not participate in the vote counting and scrutinizing. When voting takes place on a proposal at a shareholders' meeting, auditors, H share register or qualified external auditors, or a supervisor of the Company shall be responsible for vote counting and scrutinizing. The chairman of the meeting shall announce the results of the voting on the spot, and the results of the voting on the resolution shall be recorded in the meeting minutes. Shareholders of the Company or their proxies shall have the right to check the results of their votes through the corresponding voting system if they vote via the Internet or other means.</p>	<p><b>Article 44</b> .....</p> <p>Before voting takes place on a proposal at a shareholders' meeting, two shareholders' representatives shall be elected to participate in vote counting and scrutinizing. In the event that a shareholder has an interest in a matter to be considered, the relevant shareholder and his proxy shall not participate in the vote counting and scrutinizing. When voting takes place on a proposal at a shareholders' meeting, auditors, H share register or qualified external auditors; <del>or a supervisor of the Company</del> shall be responsible for vote counting and scrutinizing. <del>The chairman of the meeting shall announce the results of the voting on the spot, and the results of the voting on the resolution shall be recorded in the meeting minutes.</del> Shareholders of the Company or their proxies shall have the right to check the results of their votes through the corresponding voting system if they vote via the <del>Internet</del> <b>electronic</b> or other means.</p>
20.	<p><b>Article 46</b> The chairman of the meeting shall announce details and results of the voting on each proposal, and announce whether a proposal is passed according to the voting results. Before announcing the voting results officially, the Company, the vote counter, the voting scrutineer, shareholders, internet service providers and the Company providers involved in the voting at the shareholders' meeting, through the internet or other method shall assume confidentiality obligations.</p>	<p><b>Article 46</b> The chairman of the meeting shall announce details and results of the voting on each proposal, and announce whether a proposal is passed according to the voting results. Before announcing the voting results officially, the Company, the vote counter, the voting scrutineer, shareholders, internet service providers and the Company providers involved in the voting at the shareholders' meeting, through the <del>internet</del> <b>electronic</b> or other method shall assume confidentiality obligations.</p>

No.	Original	Revised
21.	<p><b>Article 48</b> The following resolutions shall be adopted as ordinary resolutions at a shareholders' meeting:</p> <p>(1) working reports of the board of directors and board of supervisors;</p> <p>(2) profit distribution proposals and plans for making up losses formulated by the board of directors;</p> <p>(3) election and dismissal of directors and non-employee representative supervisors, and their remuneration and payment method;</p> <p>(4) other matters unless otherwise required to be adopted as special resolutions in accordance with the applicable laws and regulations or these Articles.</p>	<p><b>Article 48</b> The following resolutions shall be adopted as ordinary resolutions at a shareholders' meeting:</p> <p>(1) working reports of the board of directors <del>and board of supervisors</del>;</p> <p>(2) profit distribution proposals and plans for making up losses formulated by the board of directors;</p> <p>(3) election and dismissal of directors <u>who are non-employee representatives</u> <del>and non-employee representative supervisors</del>, and their remuneration and payment method;</p> <p>(4) other matters unless otherwise required to be adopted as special resolutions in accordance with the applicable laws and regulations or these Articles.</p>
22.	<p><b>Article 52</b> Minutes</p> <p>The shareholders' meeting shall have minutes of meeting prepared by the secretary to the board of directors. The minutes of meeting shall state the following contents:</p> <p>(1) the time, venue of, and the agenda for, the meeting, and the name or title of the convener;</p> <p>(2) the names of the chairman of the meeting and the directors, supervisors and senior management in attendance or present at the meeting;</p> <p>.....</p>	<p><b>Article 52</b> Minutes</p> <p>The shareholders' meeting shall have minutes prepared by the secretary to the board of directors. The minutes of meeting shall state the following:</p> <p>(1) the time, venue of, and the agenda for, the meeting, and the name or title of the convener;</p> <p>(2) the names of the chairman of the meeting and the directors, <del>supervisors</del> and senior management in attendance or present at the meeting;</p> <p>.....</p>

No.	Original	Revised
23.	<b>Article 54</b> The minutes of the meeting shall be signed by the directors, supervisors, the secretary to the board of directors, the conveners or their proxies and the presider of the meeting present at the meeting.	<b>Article 54</b> The minutes of the meeting shall be signed by the directors; <del>supervisors,</del> <u>and</u> the secretary to the board of directors, the conveners or their proxies and the presider of the meeting present at the meeting.
The adjustments to the provisions numbers (including the provisions numbers of the provisions referenced in the specific provisions) (if any) of the Rules of Procedures for the Shareholders' Meetings resulting from the adjustments to these Rules of Procedures for the Shareholders' Meetings apply uniformly throughout the entire text and are not presented individually in this table.		

No.	Original	Revised
1.	<b>Article 2</b> These Rules shall apply to the board of the Company and shall be binding on the Company, all directors, supervisors and senior management of the Company and other relevant persons attending and present at the board meetings.	<b>Article 2</b> These Rules shall apply to the board of the Company and shall be binding on the Company, all directors; <del>supervisors</del> and senior management of the Company and other relevant persons attending and present at the board meetings.
2.	<b>Article 3</b> The Company shall have a board of directors. The board of directors consists of 15 directors, including one chairman and five independent directors.	<b>Article 3</b> The Company shall have a board of directors. The board of directors consists of 15 directors, including one chairman <del>and</del> , five independent directors <b><u>and one employee representative director.</u></b>
3.	<b>Article 10</b> Extraordinary Meeting  An extraordinary board meeting may be convened upon the proposal of chairman of the board of directors, shareholders individually or jointly holding more than one tenth of the total number of shares carrying voting rights of the Company, more than one third of the directors, more than a half of the independent directors, president or the board of supervisors. Chairman of the board of directors shall convene and chair the board meeting within ten days after receiving such proposal.	<b>Article 10</b> Extraordinary Meeting  An extraordinary board meeting may be convened upon the proposal of chairman of the board of directors, shareholders individually or jointly holding more than one tenth of the total number of shares carrying voting rights of the Company, more than one third of the directors, more than a half of the independent directors, president or the <del>board of supervisors</del> <b><u>audit committee.</u></b> Chairman of the board of directors shall convene and chair the board meeting within ten days after receiving such proposal.

No.	Original	Revised
4.	<p><b>Article 14</b> A proposal may be made to the board of directors by the following entities and persons:</p> <p>(1) the chairman of the board of directors;</p> <p>(2) shareholders individually or jointly holding one tenth of the total number of shares carrying voting rights;</p> <p>(3) more than one-third of the directors;</p> <p>(4) more than half of the independent directors;</p> <p>(5) the special committees of the board of directors;</p> <p>(6) the president;</p> <p>(7) the board of supervisors.</p>	<p><b>Article 14</b> A proposal may be made to the board of directors by the following entities and persons:</p> <p>(1) the chairman of the board of directors;</p> <p>(2) shareholders individually or jointly holding one tenth of the total number of shares carrying voting rights;</p> <p>(3) more than one-third of the directors;</p> <p>(4) more than half of the independent directors;</p> <p>(5) the special committees of the board of directors;</p> <p>(6) the president;</p> <p><del>(7) the board of supervisors.</del></p>
5.	<p><b>Article 15</b> When the Company intends to convene regular board meeting or special board meeting, the secretary to the Board shall send notice of board meeting to all the directors, supervisors and presidents 14 days and 5 days respectively before the proposed date of a regular board meeting and a special board meeting.</p> <p>.....</p>	<p><b>Article 15</b> When the Company intends to convene regular board meeting or special board meeting, the secretary to the Board shall send notice of board meeting to all the directors, <del>supervisors</del> and presidents 14 days and 5 days respectively before the proposed date of a regular board meeting and a special board meeting.</p> <p>.....</p>

No.	Original	Revised
6.	<p><b>Article 18</b> Directors and supervisors shall request for filing of their correspondence in accordance with the requirements of the office of the board of directors. Any change of correspondence shall be notified to the office of the board of directors in a timely manner. Failure to notify such changes in a timely manner, delivery of the notice of meeting and meeting documents according to the correspondence filed with the Company shall be deemed to have served by the Company according to the procedures stated under these Rules.</p>	<p><b>Article 18</b> Directors <del>and supervisors</del> shall request for filing of their correspondence in accordance with the requirements of the office of the board of directors. Any change of correspondence shall be notified to the office of the board of directors in a timely manner. Failure to notify such changes in a timely manner, delivery of the notice of meeting and meeting documents according to the correspondence filed with the Company shall be deemed to have served by the Company according to the procedures stated under these Rules.</p>
7.	<p><b>Article 27</b> Board meetings shall be held only if more than half of the directors are present.</p> <p>The Secretary of the Board shall attend board meetings, the President shall attend board meetings, and Supervisors may attend board meetings. Depending on the needs of the work and the content of the meeting proposals, the convener may notify other relevant personnel to attend board meetings, but such attendees shall not participate in voting.</p>	<p><b>Article 27</b> Board meetings shall be held only if more than half of the directors are present.</p> <p>The Secretary of the Board shall attend board meetings, the President shall attend board meetings, <del>and Supervisors may attend board meetings.</del> Depending on the needs of the work and the content of the meeting proposals, the convener may notify other relevant personnel to attend board meetings, but such attendees shall not participate in voting.</p>
<p>The adjustments to the provisions numbers (including the provisions numbers of the provisions referenced in the specific provisions) (if any) of the Rules of Procedures for the Board resulting from the adjustments to these Rules of Procedures for the Board apply uniformly throughout the entire text and are not presented individually in this table.</p>		

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## NOTICE OF 2025 THIRD EXTRAORDINARY GENERAL MEETING

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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 2025 THIRD EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2025 third extraordinary general meeting (the “EGM”) of BAIC Motor Corporation Limited (the “**Company**”) will be held at 9:30 a.m. on Monday, 29 December 2025 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, and if thought fit, passing the following resolutions (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 10 December 2025:

#### ORDINARY RESOLUTIONS

1. (a) to approve the Equity Acquisition Agreement and the Disposal contemplated thereunder, and  
  
(b) to authorise the Board, and the Board to delegate to the chairman and the management of the Company, to take responsibility for the matters relating to the Disposal
2. Proposed appointment of Directors
  - 2.1 Appointment of Mr. Gu Xin as a non-executive Director of the Company
  - 2.2 Appointment of Mr. Chen Geng as an executive Director of the Company
  - 2.3 Appointment of Ms. Zhu Yan as an executive Director of the Company
3. Proposed amendments to the Rules of Procedures for the Shareholders' Meetings
4. Proposed amendments to the Rules of Procedures for the Board

\* For identification purposes only



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# NOTICE OF 2025 THIRD EXTRAORDINARY GENERAL MEETING

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## SPECIAL RESOLUTION

### 5. Proposed amendments to the Articles of Association

By Order of the Board  
**BAIC Motor Corporation Limited**  
**Wang Hao**  
*Chairman of the Board*

Beijing, the PRC, 10 December 2025

*Notes:*

- (A) The register of members of the Company will be closed from Monday, 22 December 2025 to Monday, 29 December 2025 (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 December 2025 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 and Domestic 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 Friday, 19 December 2025 or the China Securities Depository and Clearing Corporation Limited at 23 Floor, Shenzhen Stock Exchange Square, Futian District, Shenzhen, Guangdong Province, the PRC for holders of Domestic Shares no later than 4:00 p.m. on Friday, 19 December 2025.
- (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/her attorney duly authorised 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 authorised attorney(s). If the written instrument is signed by an attorney of the appointor, the power of attorney or other documents of authorisation of such attorney shall be notarised.
- (D) To be valid, the form of proxy and the relevant notarised power of attorney (if any) and other relevant documents of authorisation (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 3-038, 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 meeting if he/she so desires.
- (E) A Shareholder or his/her 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 authorised by its board of directors or other governing body shall produce a copy of the authorisation documents of the board of directors or other governing body of such Shareholder appointing such person to attend the meeting.
- (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. Wang Hao, as Chairman of the Board and executive Director; Mr. Hu Hanjun and Mr. Chen Hongliang, as non-executive Directors; Mr. Song Wei, as executive Director; Mr. Peng Jin, Mr. Ye Qian, Mr. Paul Gao, Mr. Kevin Walter Binder, Mr. Gu Tiemin and Mr. Sun Li, as non-executive Directors; and Ms. Yin Yuanping, Mr. Xu Xiangyang, Mr. Tang Jun, Mr. Edmund Sit and Mr. Ji Xuehong, as independent non-executive Directors.*