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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)

MAJOR TRANSACTION
EXIT OF BAIC INVESTMENT FROM ITS INVESTMENT IN BHAF

EXIT FROM INVESTMENT IN BHAF

On 21 October 2026 (after trading hours), BHAF, BAIC Investment, Beijing Hyundai, Hyundai Capital and Hyundai Motor entered into the Capital Reduction Agreement, pursuant to which the Parties agreed to: (i) the exit of BAIC Investment from its entire equity interest in BHAF, representing 33% of the total registered capital of BHAF, through a reduction of BHAF's registered capital by the amount contributed by BAIC Investment, in consideration of RMB2,207.70 million payable by BHAF to BAIC Investment (namely, the Exit); and (ii) the exit of Beijing Hyundai from its entire equity interest in BHAF, representing 14% of the total registered capital of BHAF, through a reduction of BHAF's registered capital by the amount contributed by Beijing Hyundai, in consideration of RMB936.60 million payable by BHAF to Beijing Hyundai.

Immediately prior to the Capital Reduction, BHAF is an associate of the Company and is owned as to approximately (i) 46% by Hyundai Capital, being an independent third party of the Company; (ii) 33% by BAIC Investment, being a non-wholly owned subsidiary of the Company; (iii) 14% by Beijing Hyundai, which is jointly invested in by BAIC Investment and Hyundai Motor, with each contributing 50% of its registered capital; and (iv) 7% by Hyundai Motor, being an independent third party of the Company. Upon completion of the Capital Reduction, each of BAIC Investment and Beijing Hyundai will cease to be a shareholder of BHAF.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio in respect of the Exit exceeds 25% but is less than 75%, the Exit constitutes a major transaction of the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

The Company will convene the EGM for the purpose of, among other things, obtaining the Shareholders' approval for the Exit.

A circular containing, among other things, (a) further details of the Capital Reduction Agreement and the Exit contemplated thereunder; and (b) the notice of the EGM, will be sent to the Shareholders within 15 business days after the publication of this announcement.

As the completion of the Exit is subject to the approval from the Shareholders at the EGM and the fulfilment of the conditions precedent set out under the Capital Reduction Agreement, the Exit may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and actions that they should take.

INTRODUCTION

On 21 October 2026 (after trading hours), BHAF, BAIC Investment, Beijing Hyundai, Hyundai Capital and Hyundai Motor entered into the Capital Reduction Agreement, pursuant to which the Parties agreed to: (i) the exit of BAIC Investment from its entire equity interest in BHAF, representing 33% of the total registered capital of BHAF, through a reduction of BHAF's registered capital by the amount contributed by BAIC Investment, in consideration of RMB2,207.70 million payable by BHAF to BAIC Investment (namely, the Exit); and (ii) the exit of Beijing Hyundai from its entire equity interest in BHAF, representing 14% of the total registered capital of BHAF, through a reduction of BHAF's registered capital by the amount contributed by Beijing Hyundai, in consideration of RMB936.60 million payable by BHAF to Beijing Hyundai.

THE CAPITAL REDUCTION AGREEMENT

The principal terms and conditions of the Capital Reduction Agreement are set out as follows:

Date: 21 October 2026 (after trading hours)

Parties:

- (1) BHAF;
- (2) BAIC Investment;
- (3) Beijing Hyundai;

(4) Hyundai Capital; and

(5) Hyundai Motor.

Capital Reduction:

The Parties agreed to the exit of: (i) BAIC Investment from its entire investment of 33% of equity interest in BHAF; and (ii) Beijing Hyundai from its entire investment of 14% of equity interest in BHAF. Upon completion of the Capital Reduction, the registered capital of BHAF will be reduced from RMB4,000 million to RMB2,120 million, with the reduction amount contributed by BAIC Investment being RMB1,320 million and by Beijing Hyundai being RMB560 million, respectively.

Immediately prior to the Capital Reduction, BHAF is an associate of the Company and is owned as to approximately (i) 46% by Hyundai Capital, being an independent third party of the Company; (ii) 33% by BAIC Investment, being a non-wholly owned subsidiary of the Company; (iii) 14% by Beijing Hyundai, which is jointly invested in by BAIC Investment and Hyundai Motor, with each contributing 50% of its registered capital; and (iv) 7% by Hyundai Motor, being an independent third party of the Company. Upon completion of the Capital Reduction, each of BAIC Investment and Beijing Hyundai will cease to be a shareholder of BHAF.

**Consideration
and its basis of
determination:**

The Consideration payable by BHAF to BAIC Investment and Beijing Hyundai is RMB2,207.70 million and RMB936.60 million.

The Consideration was determined after arm's length negotiation among the Parties, on the basis that it shall not be less than the appraised value of the entire equity interests in BHAF as at the Valuation Benchmark Date as appraised by the Independent Valuer by adopting the asset-based approach (namely, RMB6,689.60 million), the Asset Valuation Report in respect of which has been duly filed under the applicable state-owned assets valuation requirements. The Parties agreed to adopt RMB6,690.00 million as the Consideration, and the amount to be received by each of BAIC Investment and Beijing Hyundai shall be calculated in proportion to their respective capital contributions in BHAF.

**Conditions to the
Capital Reduction
Agreement
becoming effective:**

The Capital Reduction Agreement shall become effective upon the satisfaction of all of the following conditions:

(i) the Capital Reduction Agreement having been signed, and the official company seal of each Party having been affixed thereto;

- (ii) the approval from the competent state financial supervisory authority in respect of the Capital Reduction having been obtained; and
- (iii) the Capital Reduction having been approved by the internal competent approval authority of each Party as required by applicable laws and its articles of association.

Conditions precedent to payment of Consideration:

The Consideration shall be paid by BHAF in a single lump sum, within five (5) days after the last of the following having been completed (whichever occurs later), into (i) a bank account opened in the name of BAIC Investment and jointly controlled by BHAF and BAIC Investment (in the amount of RMB2,207.70 million); and (ii) a bank account opened in the name of Beijing Hyundai and jointly controlled by BHAF and Beijing Hyundai (in the amount of RMB936.60 million):

- (i) the notification to creditors and the expiry of the announcement period in respect of the Capital Reduction;
- (ii) the settlement of any debts, or the provision of any security, as required by creditors (if any); and
- (iii) the approval from the competent state financial supervisory authority in respect of the Capital Reduction having been obtained (namely, item (ii) of the conditions to the Capital Reduction Agreement becoming effective).

On the day on which BHAF files the application documents for the registration of changes in respect of the Capital Reduction with the competent authority of administration for market regulation and such authority issues an acceptance notice (or, if no acceptance notice is issued, the day on which such documents are accepted for handling), BHAF shall cooperate with BAIC Investment and Beijing Hyundai to release the joint control over the above accounts and to release all funds held therein to BAIC Investment and Beijing Hyundai, respectively.

The funds for payment of the Consideration held in the jointly controlled accounts shall be refunded in full to BHAF within ten (10) business days after the occurrence of any of the following events:

- (i) the Capital Reduction Agreement is terminated by written agreement of all the Parties;

- (ii) where the Capital Reduction constitutes a notifiable transaction subject to merger control filing, clearance (or deemed clearance) of such filing by the competent anti-trust enforcement authority cannot be obtained notwithstanding that Hyundai Capital and Hyundai Motor have used their best reasonable efforts; or
- (iii) the filing for the registration of changes in respect of the Capital Reduction with the competent authority of administration for market regulation cannot be completed for any other reason.

Transition period arrangements:

During the transition period from the Valuation Benchmark Date (inclusive) to the date of industrial and commercial change registration in respect of the Capital Reduction (exclusive):

- (i) BHAF shall continue to operate in the ordinary course of business and shall not, without the prior written consent of all shareholders of BHAF, engage in any matters outside its ordinary course of business or enter into any connected transactions; and
- (ii) each of BAIC Investment and Beijing Hyundai shall continue to enjoy shareholder rights in respect of the equity interests in BHAF registered in its name. Neither party shall bear any losses or debts incurred by BHAF during the transition period, nor shall either party be entitled to any profits generated from BHAF's operations during the transition period. Provided that it does not contravene any applicable state-owned assets administration requirements, each of BAIC Investment and Beijing Hyundai has agreed, in principle, not to exercise its veto rights over the day-to-day operation and management of BHAF.

GENERAL INFORMATION

Information on BHAF

BHAF is a company incorporated in the PRC with limited liability in June 2012. As at the date of this announcement, BHAF is an associate of the Company, owned as to approximately (i) 46% by Hyundai Capital, being an independent third party of the Company; (ii) 33% by BAIC Investment, being a non-wholly owned subsidiary of the Company; (iii) 14% by Beijing Hyundai, which is jointly invested in by BAIC Investment and Hyundai Motor, with each contributing 50% of its registered capital; and (iv) 7% by Hyundai Motor, being an independent third party of the Company. BHAF is principally engaged in automotive finance business.

The following table sets forth the financial information of BHAF for the two years ended 31 December 2025 and the six months ended 30 June 2026 prepared in accordance with the China Accounting Standards for Business Enterprises:

	For the year ended		Six months ended
	31 December		30 June
	2024	2025	2026
	<i>(RMB million)</i>		
	<i>(Audited)</i>		
Revenue	528.57	357.99	142.18
Net profit before taxation	151.80	95.23	(96.88)
Net profit after taxation	78.73	44.48	(122.82)

As at 30 June 2026, the book value of the audited total assets of BHAF was approximately RMB7,422.02 million, and the book value of owner's equity attributable to the parent company was approximately RMB6,653.69 million. According to the Asset Valuation Report, the entire equity of BHAF was appraised at approximately RMB6,689.60 million as at 30 June 2026 using the asset-based approach. Further information on the Asset Valuation Report will be disclosed in the circular for the EGM.

Information on BAIC Investment

BAIC Investment is a company incorporated in the PRC in 2002 with a registered capital of RMB8,964 million, and is a non-wholly owned subsidiary of the Company held as to 97.95% by the Company as at the date of this announcement. BAIC Investment is principally engaged in the sales of vehicles and spare parts, investment and management in the automotive and related industries, and the provision of investment consultancy, technology development, technology consultancy, technology services and information consultancy in respect of the automotive and related industries.

Information on Beijing Hyundai

Beijing Hyundai is a company incorporated in the PRC with limited liability, established in Beijing in October 2002, and is jointly invested in by BAIC Investment and Hyundai Motor, with each contributing 50% of its registered capital. Beijing Hyundai was the first sino-foreign joint venture in the automobile production sector to be approved following the PRC's accession to the World Trade Organization. Its principal businesses include the design, development, production and sales of sedans, recreational vehicles, whole trucks, engines and spare parts; the operation of a telecommunications business; as well as the provision of after-sales services, the import and export of automobiles and accessories and technical testing services (excluding nationally restricted projects), in each case in relation to the products produced and sold by the joint venture.

Information on Hyundai Capital

Hyundai Capital is a company incorporated in the Republic of Korea. Hyundai Capital is principally engaged in automotive finance and automotive leasing businesses.

Information on Hyundai Motor

Hyundai Motor is a company incorporated in the Republic of Korea, whose shares are listed on the Korea Stock Exchange. Its principal businesses include automotive research and development, manufacturing and sales.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Hyundai Capital, Hyundai Motor and their respective beneficial owners is a third party independent of the Company and its connected persons.

FINANCIAL EFFECTS OF THE EXIT ON THE GROUP

The Group expects to recognize an unaudited net gain before taxation and after transaction costs and expenses on the Exit, of which the net profit after taxation attributable to equity holders of the Company is expected to be approximately RMB14.23 million. The actual amount of net gain on the Exit to be recognized by the Group may be different from such estimate as it will subject to any accounting adjustment and audit.

Upon completion of the Capital Reduction, the Group will cease to have any equity interest in BHAF and accordingly the financial results and net assets of BHAF will then cease to be equity accounted for in the consolidated financial statements of the Group.

REASONS FOR AND BENEFITS OF THE EXIT

The Exit is intended to further optimize the Group's asset structure, improve capital efficiency and overall return on assets, and is in line with the Group's long-term development strategy. After careful evaluation, the Board considers that the pricing of the transaction is fair and the terms are reasonable, and that the transaction is in the commercial interests of the Group and in the overall interests of the Group and the Shareholders as a whole. Through the Exit, the Group will recover funds to support the Group's business operations and development.

OPINIONS OF THE DIRECTORS

The terms of the Capital Reduction Agreement and the Exit contemplated thereunder were determined after arm's length negotiations among the Parties thereto. The Directors are of the view that (i) the terms and conditions of the Capital Reduction Agreement are fair and reasonable; (ii) although the Exit is not conducted in the ordinary and usual course of business of the Company, it is on normal commercial terms; and (iii) the Exit is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio in respect of the Exit exceeds 25% but is less than 75%, the Exit constitutes a major transaction of the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

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DEFINITIONS

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

“Asset Valuation Report”	“Asset Valuation Report on the Value of Entire Shareholders' Equity of Beijing Hyundai Auto Finance Company Limited in Connection with the Proposed Exit of BAIC Investment Co., Ltd. from its Investment in Beijing Hyundai Auto Finance Company Limited through a Reduction of Beijing Hyundai Auto Finance Company Limited's Registered Capital” (Pan-China Valuation Report (2026) No. 1612) prepared by the Independent Valuer
“associate”	has the meaning ascribed to it under the Listing Rules
“BAIC Investment”	BAIC Investment Co., Ltd.* (北京汽車投資有限公司), a company duly incorporated under the laws of the PRC and a non-wholly owned subsidiary of the Company
“Beijing Hyundai”	Beijing Hyundai Motor Co., Ltd.* (北京現代汽車有限公司), a sino-foreign joint venture company incorporated in the PRC, jointly invested in by BAIC Investment and Hyundai Motor, with each contributing 50% of its registered capital

“BHAF”	Beijing Hyundai Auto Finance Company Limited* (北京現代汽車金融有限公司), a company duly incorporated under the laws of the PRC and an associate of the Company
“Board”	the board of Directors
“Capital Reduction”	the reduction of the entire registered capital held by each of BAIC Investment and Beijing Hyundai in BHAF contemplated under the Capital Reduction Agreement
“Capital Reduction Agreement”	the capital reduction agreement dated 21 October 2026 entered into among the Parties, pursuant to which BAIC Investment and Beijing Hyundai agreed to reduce their respective entire registered capital contribution to BHAF
“Company”	BAIC Motor Corporation Limited* (北京汽車股份有限公司), a company limited by shares duly incorporated under the laws of the PRC, whose H shares are listed on the Hong Kong Stock Exchange
“Consideration”	the cash consideration of RMB2,207.70 million payable by BHAF to BAIC Investment and RMB936.60 million payable by BHAF to Beijing Hyundai for the Capital Reduction pursuant to the Capital Reduction Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened, among other things, to consider and, if thought fit, approve the Exit
“Exit”	the exit of BAIC Investment from its entire equity interest in BHAF through the Capital Reduction
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hyundai Capital”	Hyundai Capital Services, Inc., a company incorporated in the Republic of Korea, being a financial services unit of Hyundai Motor, and an independent third party of the Company

“Hyundai Motor”	Hyundai Motor Company, a company incorporated in the Republic of Korea, whose shares are listed on the Korea Stock Exchange under the stock code 005380, and an independent third party of the Company
“Independent Valuer”	Pan-China Assets Appraisal Co., Ltd.* (北京天健興業資產評估有限公司), a qualified independent valuer in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Party(ies)”	BHAF, BAIC Investment, Beijing Hyundai, Hyundai Capital and Hyundai Motor
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Valuation Benchmark Date”	30 June 2026, being the valuation benchmark date of the appraised value of the entire equity interests in BHAF
“%”	percent

By Order of the Board
BAIC Motor Corporation Limited
Huang Yan
Secretary to the Board and Company Secretary

Beijing, the PRC, 21 October 2026

As at the date of this announcement, the Board comprises Mr. Zhang Guofu, as Chairman of the Board and non-executive Director; Mr. Gu Xin, as non-executive Director; Mr. Chen Geng and Ms. Zheng Mingying, as executive Directors; Mr. Ye Qian, Mr. Paul Gao, Mr. Tolga Oktay, Mr. Gu Tiemin and Mr. Zhou Jianyu, as non-executive Directors; Ms. Yin Yuanping, Mr. Xu Xiangyang, Mr. Tang Jun, Mr. Edmund Sit and Mr. Ji Xuehong, as independent non-executive Directors; and Mr. Zhao Jinlun, as employee representative Director.

* For identification purposes only