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北京汽车
BAIC MOTOR

北京汽車股份有限公司

BAIC MOTOR CORPORATION LIMITED*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1958)

CONNECTED TRANSACTION ESTABLISHMENT OF BAIC IT COMPANY

The Board announces that, on 30 October 2018, the Company entered into the Capital Contribution Agreement with BAIC Group, BAIC BJEV, BAIC ROCAR and BAIC Mobility in respect of the establishment of BAIC IT Company. Pursuant to the Capital Contribution Agreement, the total registered capital of BAIC IT Company will be RMB330 million, among which the Company, BAIC Group, BAIC BJEV, BAIC ROCAR and BAIC Mobility will contribute RMB50 million, RMB130 million, RMB50 million, RMB50 million and RMB50 million, respectively, and each of them will hold 15.15%, 39.40%, 15.15%, 15.15% and 15.15% equity interests in BAIC IT Company, respectively.

As at the date of this announcement, BAIC Group is the sole controlling Shareholder of the Company and holds 42.63% of the total issued share capital of the Company, thus it is a connected person of the Company. As BAIC Group directly and indirectly holds 33.93% equity interests in BAIC BluePark New Energy Technology Co., Ltd., BAIC BluePark New Energy Technology Co., Ltd. is an associate of BAIC Group and thus BAIC BluePark New Energy Technology Co., Ltd. and its subsidiary, BAIC BJEV, are connected persons of the Company. In addition, as BAIC Group directly holds 60% equity interests in BAIC ROCAR and 80% equity interests in BAIC Mobility respectively, BAIC ROCAR and BAIC Mobility are associates of BAIC Group and thus connected persons of the Company. The establishment of BAIC IT Company by the Company, BAIC Group, BAIC BJEV, BAIC ROCAR and BAIC Mobility constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Upon the establishment of BAIC IT Company, BAIC IT Company will become a subsidiary of BAIC Group.

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

INTRODUCTION

The Board announces that, on 30 October 2018, the Company entered into the Capital Contribution Agreement with BAIC Group, BAIC BJEV, BAIC ROCAR and BAIC Mobility in respect of the establishment of BAIC IT Company. Pursuant to the Capital Contribution Agreement, the total registered capital of BAIC IT Company will be RMB330 million, among which the Company, BAIC Group, BAIC BJEV, BAIC ROCAR and BAIC Mobility will contribute RMB50 million, RMB130 million, RMB50 million, RMB50 million and RMB50 million, respectively, and each of them will hold 15.15%, 39.40%, 15.15%, 15.15% and 15.15% equity interests in BAIC IT Company, respectively.

CAPITAL CONTRIBUTION AGREEMENT

Principal terms of the Capital Contribution Agreement are set out below:

- Parties:**
- (i) BAIC Group;
 - (ii) BAIC BJEV;
 - (iii) the Company;
 - (iv) BAIC ROCAR; and
 - (v) BAIC Mobility.
- Date:** 30 October 2018
- Effective Date:** The Capital Contribution Agreement shall come into force after being duly signed by the legal representatives or authorised representatives of the parties and chopped with their special chops for contractual use or official chops.
- Business Term:** The business term of BAIC IT Company is 50 years, calculated from the date of issue of the business license of BAIC IT Company.
- Business Scope of BAIC IT Company:** BAIC IT Company will engage in: cloud platform services, cloud software services, computer network system integration, and operation maintenance services for intelligent, informationalised and energy-saving equipment and system; technology development, technical consulting, technical services and technology transfer in the fields of computer technology, network technology and information technology, Internet access services, computer system integration and data processing, computer services, and technology development and sales of computer hardware and software, electronic products, digital products, auxiliary equipment and communication equipment. It shall not conduct the operation of items prohibited and restricted by Beijing industry policies.

The above business scope is subject to approval by the company registration authority.

**Registered Capital of
BAIC IT Company:**

Pursuant to the Capital Contribution Agreement, the total registered capital of BAIC IT Company shall be RMB330 million, of which the total amount of the initial capital contribution shall be RMB220 million, and the total amount of secondary capital contribution shall be RMB110 million.

Among that, the Company, BAIC Group, BAIC BJEV, BAIC ROCAR and BAIC Mobility shall contribute RMB50 million, RMB130 million, RMB50 million, RMB50 million and RMB50 million, respectively and each of them will hold 15.15%, 39.40%, 15.15%, 15.15% and 15.15% equity interests in BAIC IT Company, respectively.

The registered capital is determined based on arm's length negotiations among the parties according to the capital needs of BAIC IT Company.

**Method and Time of
Capital Contribution:**

Pursuant to the Capital Contribution Agreement, details about the method and time of capital contribution by the parties are as follows:

| Name of Shareholders | Initial Capital Contribution | | | Secondary Capital Contribution | | |
|----------------------|--|--------------------------------|------------------------------|--|--------------------------------|------------------------------|
| | Amount of Capital Contribution (RMB'0000) | Method of Capital Contribution | Time of Capital Contribution | Amount of Capital Contribution (RMB'0000) | Method of Capital Contribution | Time of Capital Contribution |
| BAIC Group | 8,800 | Cash | November 2018 | 4,200 | Cash | Before November 2019 |
| BAIC BJEV | 3,300 | Cash | | 1,700 | Cash | |
| The Company | 3,300 | Cash | | 1,700 | Cash | |
| BAIC ROCAR | 3,300 | Cash | | 1,700 | Cash | |
| BAIC Mobility | 3,300 | Cash | | 1,700 | Cash | |
| Total | 22,000 | | | 11,000 | | |

**Composition of the
Board of Directors:**

BAIC IT Company has a board of directors consisting of nine members, four of which shall be nominated by BAIC Group and each of four of which shall be nominated by the Company, BAIC BJEV, BAIC ROCAR and BAIC Mobility respectively, and all of the nominated candidates shall be elected by the shareholders' meeting. Besides, there is one employee representative director, elected democratically by the employees of BAIC IT Company through the meeting of employee representatives or other means. There is one chairman in the board of directors, elected by the board of directors from the director candidates nominated by BAIC Group.

The term of directors is three years, extendable by re-election.

Other Terms:

All necessary and reasonable fees required during the course of establishment of BAIC IT Company (including but not limited to industrial and commercial registration fees and other fees payable for the establishment of the company) are advanced by BAIC Group upon negotiations by the parties. Upon the legal registration and establishment of BAIC IT Company, such fees shall be returned by BAIC IT Company to the payer on a one-off basis within 30 days from the date of approval of the first shareholders' meeting of BAIC IT Company. If BAIC IT Company fails to be established, the parties shall burden the abovementioned establishment fees according to the shareholding proportion as prescribed in the Capital Contribution Agreement. However, the at-fault or responsible party shall bear all the abovementioned establishment fees if BAIC IT Company fails to be established due to the behavior or fault of any party.

REASONS FOR AND BENEFITS OF THE TRANSACTION

At present, one of the focuses on the competition in the automobile industry is the competition of informatisation technology. From the perspective of the development of the automotive industry, big data, cloud platform applications and automobile intelligent internetisation will be the inevitable trend in the industry. Under such background, the Company's investment on the establishment of BAIC IT Company is of certain necessity:

- (i) The establishment of BAIC IT Company is conducive to improving the Company's competitiveness of informatisation business.
- (ii) From the perspective of informatisation security, the Company needs to entrust an external organisation of BAIC Group to conduct some system development and maintenance business, which raises the difficulty of informatisation security management. Therefore, the difficulty of informatisation security management of the Company will be reduced through its investment on the establishment of BAIC IT Company and the operation of informatisation business of the Company.
- (iii) From the perspective of economic operation, the software and hardware assets of the corporate informatisation business demand for larger investment and faster upgrade. If the Company invests in the business independently, relatively substantial investment on assets will be incurred. By sharing informatisation resources with BAIC IT Company, it is beneficial to the Company to save investment and improve its economical efficiency of business.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BAIC Group is the sole controlling Shareholder of the Company and holds 42.63% of the total issued share capital of the Company, thus it is a connected person of the Company. As BAIC Group directly and indirectly holds 33.93% equity interests in BAIC BluePark New Energy Technology Co., Ltd., BAIC BluePark New Energy Technology Co., Ltd. is an associate of BAIC Group and thus BAIC BluePark New Energy Technology Co., Ltd. and its subsidiary, BAIC BJEV, are connected persons of the Company. In addition, as BAIC Group directly holds 60% equity interests in BAIC ROCAR and 80% equity interests in BAIC Mobility respectively, BAIC ROCAR and BAIC Mobility are associates of BAIC Group and thus connected persons of the Company. The establishment of BAIC IT Company by the Company, BAIC Group, BAIC BJEV, BAIC ROCAR and BAIC Mobility constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Upon the establishment of BAIC IT Company, BAIC IT Company will become a subsidiary of BAIC Group.

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

OPINION OF THE DIRECTORS

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

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

GENERAL INFORMATION

Information on the Company

The Company is a company limited by shares incorporated in the PRC. The Company is a leading manufacturer of passenger vehicles in the PRC. The Company is engaged in the design, research and development, manufacturing and sales of an extensive and diversified portfolio of passenger vehicle models, and the provision of related services in the PRC. The Company offers a variety of passenger vehicle models, including mid- to large-size sedan, mid-size sedan, compact sedan, small-size sedan, SUV, MPV and CUV products to satisfy customer demands for different types of vehicles.

Information on BAIC Group

BAIC Group is a state-owned enterprise established on 30 June 1994 with a registered capital of approximately RMB17.132 billion. BAIC Group's principal businesses include manufacturing and sales of vehicles and spare parts, operation and management of state-owned assets, investment and investment management, technology development, service and consultancy, and real property development and sales.

Information on BAIC BJEV

BAIC BJEV, established in 2009, is a joint stock company incorporated in the PRC with limited liability. Its principal businesses include the installment of power modules for new energy vehicles; the production of passenger electric vehicles; the sale of charging facilities for new energy vehicles, automobiles, remote supervisory and control equipment for new energy vehicles as well as systems parts of power modules for new energy vehicles; and the preparation of manufacturing projects for complete new energy vehicles and hybrid vehicles, etc.

Information on BAIC ROCAR

BAIC ROCAR, established in 2010, is a joint stock company incorporated in the PRC with limited liability and a registered capital of approximately RMB2.098 billion. Its principal businesses include sales of vehicles and auto parts, vehicles rental, investment and investment management, import and export of goods, etc.

Information on BAIC Mobility

BAIC Mobility, established in 2017, is a company incorporated in the PRC with limited liability and a registered capital of approximately RMB1.5 billion. Its principal businesses include online taxi hailing operation; technology development, transfer, consultation and services of charging facilities for new energy vehicles; lease of automobile and machinery equipment, etc.

DEFINITIONS

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

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| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “BAIC BJEV” | Beijing Electric Vehicle Co., Ltd. (北京新能源汽車股份有限公司), a joint stock company with limited liability incorporated under the laws of the PRC |
| “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 IT Company” | A joint venture company to be established by the Company, BAIC Group, BAIC BJEV, BAIC ROCAR and BAIC Mobility in the PRC pursuant to the Capital Contribution Agreement, and proposed to be named as BAIC Langu Information Technology Co., Ltd. (北汽藍穀信息技術有限公司) |
| “BAIC Mobility” | BAIC Mobility Co., Ltd. (華夏出行有限公司), a company incorporated under the laws of the PRC with limited liability |
| “BAIC ROCAR” | BAIC ROCAR Automobile Services & Trade Co., Ltd. (北京北汽鵬龍汽車服務貿易股份有限公司), a joint stock company with limited liability incorporated under the laws of the PRC |
| “Board” | the board of directors of the Company |
| “Capital Contribution Agreement” | the Agreement on Capital Contribution to BAIC Langu Information Technology Co., Ltd. entered into by the Company, BAIC Group, BAIC BJEV, BAIC ROCAR and BAIC Mobility on 30 October 2018 |
| “Company” | BAIC Motor Corporation Ltd. (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 |

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| “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 |
| “Director(s)” | the directors of the Company |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time |
| “PRC” or “China” | the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholder(s)” | the shareholder(s) of the Company |
| “Transaction” | the connected transaction in relation to the entering into of the Capital Contribution Agreement by the Company, BAIC Group, BAIC BJEV, BAIC ROCAR and BAIC Mobility |
| “%” | percentage |

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

Beijing, the PRC, 30 October 2018

As at the date of this announcement, the Board comprises Mr. Xu Heyi, as Chairman of the Board and non-executive Director; Ms. Shang Yuanxian and Mr. Yan Xiaolei, as non-executive Directors; Mr. Chen Hongliang, as executive Director; Mr. Xie Wei, Mr. Qiu Yinfu, Mr. Hubertus Troska, Mr. Bodo Uebber, Ms. Jiao Ruifang and Mr. Lei Hai, as non-executive Directors; and Mr. Ge Songlin, Mr. Wong Lung Tak Patrick, Mr. Bao Robert Xiaochen, Mr. Zhao Fuquan and Mr. Liu Kaixiang, as independent non-executive Directors.

* *For identification purpose only*