
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business—Business Strategies” for a detailed discussion of our future plans.

USE OF PROCEEDS

Assuming an Offer Price of HK\$8.70 per H Share (being the mid-point of the stated range of the Offer Price between HK\$7.60 and HK\$9.80 per H Share), we estimate that we will receive net proceeds of approximately HK\$9,656.8 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in the Global Offering, if the Over-allotment Option is not exercised.

In line with our business strategies, we intend to use the net proceeds from the Global Offering for the purposes and in the amounts (assuming the Over-allotment Option is not exercised) set forth below:

- approximately 60%, or HK\$5,794.1 million (RMB4,584.8 million), will be used for fixed asset investment, which has a total estimated investment amount of approximately RMB33.2 billion. We have obtained the relevant approvals and/or permits required from the government authorities in China in order to implement these fixed asset investment plans. The following table sets forth the details of these projects:

<u>Projects</u>	<u>Total investment</u>	<u>Net proceeds to be used</u>	<u>Net proceeds allocation</u>
<i>Beijing Motor</i>			
Powertrain Manufacturing Base Construction Project (Phase I)	RMB4,020.0 million	RMB2,060.1 million	approximately 81% for construction investment, 2% for interest accrued during construction, and 17% for others
Powertrain Research and Development Center Construction Project (Phase I)	RMB1,000.7 million	RMB551.8 million	approximately 95% for construction investment, 4% for interest accrued during construction, and 1% for others
<i>Beijing Benz</i>			
Passenger vehicle production expansion plan	RMB21,145.6 million	RMB1,349.4 million	approximately 91% for construction investment, 4% for interest accrued during construction, and 5% for others
Engine Factory	RMB6,990.6 million	RMB623.5 million	approximately 90% for construction investment, 4% for interest accrued during construction, and 6% for others
Total	<u>RMB33,156.9 million</u>	<u>RMB4,584.8 million</u>	

For additional information, see “Business—Manufacturing Facilities and Process;”

- approximately 10%, or HK\$965.7 million, will be used to develop Beijing Motor passenger vehicles;
- approximately 5%, or HK\$482.8 million, will be used for the development of the sales network and the promotion of Beijing Motor passenger vehicles;

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- approximately 15%, or HK\$1,448.5 million, will be used to repay our bank borrowings. To the extent that we may prepay the principal and interest of any bank borrowings, we will not incur any prepayment penalties as a result of such prepayment. The following table sets forth the details of these loans:

<u>Lender</u>	<u>Maturity</u>	<u>Interest rate</u>
Bank of China (Hong Kong)	May 2015	2.85% plus 3-month LIBOR
Bank of Beijing	September 2016	5.76%
Agricultural Bank of China	July 2017	5.76%
Agricultural Bank of China	July 2017	6.40%
Industrial and Commercial Bank of China	February 2018	5.89%

For additional information, see “Financial Information—Indebtedness;” and

- approximately 10%, or HK\$965.7 million, will be used to replenish our working capital and for general corporate use.

If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds from the offering of these additional H Shares will be approximately HK\$1,454.9 million, after deducting the underwriting commissions and estimated expenses in the Global Offering, assuming an Offer Price of HK\$8.70 per H Share (being the mid-point of the stated range of the Offer Price between HK\$7.60 and HK\$9.80 per H Share). We intend to use all the additional net proceeds proportionately as earmarked above.

The allocation of the net proceeds used for the above will be adjusted in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated Offer Price range. If the Offer Price is fixed at HK\$9.80 per H Share, being the high end of the stated Offer Share range, our net proceeds will be (i) increased by approximately HK\$1,226.3 million, assuming the Over-allotment Option is not exercised; or (ii) increased by approximately HK\$1,410.3 million, assuming the Over-allotment Option is exercised in full. In such circumstances, we intend to apply such additional net proceeds to the same purposes above on a pro rata basis. If the Offer Price is fixed at HK\$7.60 per H Share, being the low end of the stated Offer Share range, our net proceeds will be (i) decreased by approximately HK\$1,226.3 million, assuming the Over-allotment Option is not exercised; or (ii) decreased by approximately HK\$1,410.3 million, assuming the Over-allotment Option is exercised in full. In such circumstances, we presently intend to reduce the net proceeds applied to the same purposes above on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately applied to the above purposes and to the extent permitted by relevant laws and regulations, the Company intends that such proceeds be placed in short-term interest-bearing instruments such as bank deposits or money market funds with licensed banks or other financial institutions in Hong Kong or the PRC.

The net proceeds from the sale of the Sale Shares by the Selling Shareholders in the Global Offering (assuming the Over-allotment Option is not exercised) are estimated to be approximately HK\$1,092.6 million, assuming an Offer Price of HK\$9.80 per H Share (being the high end of the estimated price range), or approximately HK\$847.3 million, assuming an Offer Price of HK\$7.60 per H Share (being the low end of the estimated price range). If the Over-allotment Option is exercised in full, such net proceeds are estimated to be approximately HK\$1,256.4 million, assuming an Offer Price of HK\$9.80 per H Share (being the high end of the estimated price range), or approximately HK\$974.4

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million, assuming an Offer Price of HK\$7.60 per H Share (being the low end of the estimated price range). The Company will not be entitled to retain any of the proceeds from the sale of the Sale Shares by the Selling Shareholders. In accordance with the instructions from the NSSF, the Company is required to remit the net proceeds from the sale of the Sale Shares under the Global Offering to the NSSF.