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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)**

## **ANNOUNCEMENT PROPOSED ISSUE OF A SHARES**

### **PROPOSED A SHARE OFFERING**

On 16 October, 2017, the Board resolved to submit to the EGM for approval of resolutions relating to the proposed initial public offering and listing of A Shares. The Issue of A Shares is subject to approval by Shareholders at the EGM, and approval from the CSRC and other relevant regulatory authorities.

### **AUTHORISATION TO THE BOARD TO HAVE THE FULL POWER TO DEAL WITH MATTERS RELATING TO THE ISSUE AND LISTING OF A SHARES**

To ensure smooth completion of the Issue of A Shares, the Board resolved to propose at the EGM to authorise the Board to have the full power to deal with all specific matters relating to the Issue and listing of A Shares. The above authorisation shall be valid for 12 months from the date of approval at the EGM.

### **PROPOSAL ON THE ADOPTION OF THE USE OF PROCEEDS FROM THE ISSUE OF A SHARES**

The net proceeds to be raised from the Issue of A Shares, after deduction of the relevant listing expenses, are proposed to apply to upgrading, reformation and construction, technical reform and capacity expansion projects of the production base(s), replenish working capital and repay bank loans.

### **PROPOSED AMENDMENTS AND/OR ADOPTION OF THE MEASURES RELATING TO THE ISSUE OF A SHARES**

To comply with the requirements of the CSRC and other relevant authorities (including the Shanghai Stock Exchange) in connection with the application of Issue of A Shares, the Company proposed to amend and/or adopt various measures relating to the Issue of the A Shares. These measures are subject to approval by Shareholders at EGM.

## EGM

The Company shall convene the EGM for the purposes of, among other things, seeking approval by the Shareholders on the matters in relation to the proposed Issue of A Shares.

The Company will despatch to the Shareholders the notice of the EGM, the form of proxy, the reply slip for the EGM, and a circular containing, among other things, details of the proposed Issue of A Shares as soon as practicable in accordance with the requirements under the Listing Rules.

**Given that the A Share Offering is subject to approval at the EGM and the approval by the securities regulatory authorities (including CSRC) and other relevant regulatory authorities (including the Shanghai Stock Exchange), the A Share Offering may or may not proceed. Shareholders and investors shall exercise caution when dealing in the H Shares.**

## I. PROPOSED A SHARE OFFERING

On 16 October, 2017, the Board resolved to submit to the EGM for approval of resolutions relating to the proposed initial public offering and listing of A Shares. The Issue of A Shares is subject to approval by Shareholders at the EGM, and approval from the CSRC and other relevant regulatory authorities.

Under the requirements of the relevant laws, regulations and regulatory documents, such as *the Company law of the PRC, the Securities Law of the PRC and the Measures for the Administration of Initial Public Offerings and Listing of Shares*, the Company has set out the following plan:

### (1) *Class of Shares and nominal value per Share to be issued*

*Class of shares*

Domestically-listed RMB ordinary shares (A shares)

*Nominal value per share*

RMB1.00

### (2) *Offering size*

The offering size shall be within the scope of the General Mandate to issue Shares granted by the resolution of the Shareholders passed at the 2016 general meeting of the Company. The Offering Size shall not exceed 20% of the issued Domestic Shares in issue of the Company as at the date of the passing of the relevant resolution.

The number of shares to be issued will be no more than 485,000,000 A Shares, representing approximately 6.0% of the enlarged total number of issued Shares of the Company after completion of the A Share Offering. The actual number of Shares to be issued will be determined by the Board as authorised by the general meeting of the Company and upon communication with the regulatory authorities, and according to the Company's capital requirements and the market situation after negotiations with the sponsor(s) (the lead underwriters(s)).

**(3) *Offering targets***

The offering targets will be natural persons, legal persons and other investors who satisfy the regulatory requirements. If any of the offering targets of the A Share Offering is a related person or connected person of the Company, the Company will take all reasonable measures to comply with the relevant listing rules requirements of the places at which the Shares are listed.

**(4) *Method of Issue***

The Board will, as authorised by the Shareholders at the general meeting of the Company, together with the lead underwriter(s), based on the factors such as the market situation and so on, adopt a combination of placement of shares to participants of an off-line price consultation process and an offering of shares through an on-line application process or other offering methods of issue stipulated by the relevant government authorities in the PRC.

**(5) *Method of Pricing***

The Board will, as authorised by the Shareholders at the general meeting of the Company, together with the lead underwriter(s), combined with the market situation and actual situation of the Company, determine the offering price through the price consultation with off-line investors or other legally practicable methods such as pricing by direct negotiations between the Company and the lead underwriter(s).

**(6) *Use of proceeds***

The net proceeds to be raised from the Issue of A Shares, after deduction of the relevant listing expenses, are proposed to apply to (1) upgrading, reformation and construction, technical reform and capacity expansion projects of the production base(s); and (2) replenishment of working capital and repayment of bank loans.

Before the proceeds from the A Share Offering becomes available, the Company may proceed with the above projects based on the Company's plan. The Company may use its internal fund or bank borrowings to advance the capital required for the above projects. The proceeds to be raised from the Issue of A Shares, when available, can be used to replace the self-funds early invested by the Company or repay the bank borrowings. If the proceeds from the A Share Offering is not sufficient to meet the investment need of projects above, the deficiency shall be made up by the Company through self-raising funds. The balance of the proceeds from the A Share Offering after meeting the investment need of the projects above will be used to supplement the Company's working capital.

In the event that the Issue of A Shares is not approved by the Shareholders or relevant regulatory authorities or is not completed for whatsoever reason, the Company may finance the abovementioned projects through its own fund and/or bank borrowings. Accordingly, the Directors are of the view that the business development of the Company will not be materially affected if the A Share Offering is not materialised.

**(7) *Form of underwriting***

The underwriting syndicate organised by the lead underwriter(s) will underwrite the offering by way of standby commitment.

**(8) *Proposed stock exchange for listing***

Shanghai Stock Exchange.

**(9) *Timing for the issue and listing of A Shares***

Upon the obtaining of the approval from CSRC and the Shanghai Stock Exchange, the Board, the lead underwriter(s) and the relevant regulatory authorities will determine the timing for the Issue and listing of A Shares through the consultation.

**(10) *Application for the listing of the Domestic Shares***

Upon completion of the A Share Offering, the Company will apply to the Shanghai Stock Exchange for the listing of all the issued shares of the Company on the Shanghai Stock Exchange (excluding the H Shares). Such Shares shall be subject to the requirements in respect of the lock-up period of the relevant law, regulation and regulatory documents.

**(11) *Conversion into a joint stock limited company with domestic and overseas listed shares***

Given that the H Shares are listed on the Main Board of the Stock Exchange, the Company intends to apply for the public offering of A Shares and the listing of A Shares on the Shanghai Stock Exchange. The Company will apply for conversion into a joint stock company with domestic and overseas listed shares.

**(12) *Validity of the resolution***

The resolution approving the Issue of A Shares shall be valid for 12 months from the date of approval at the EGM.

The Directors consider that a validity period of 12 months for resolutions regarding the A Share Offering is required since there is uncertainty as to the time required to obtain the approvals from the CSRC and other regulatory authorities.

The proposal on A Share Offering has been approved by the Board, and will be submitted to the EGM for consideration and approval by way of special resolution.

*Issue of A Shares under the General Mandate*

The number of not more than 485,000,000 A Shares proposed to be issued in the A Share Offering will be issued pursuant to the General Mandate passed by the Shareholders on 23 June, 2017. Under the General Mandate, the Directors can, independently or simultaneously, allot, issue and deal with the new Shares that shall not exceed 20% of Domestic Shares and/or H Shares in issue of the Company, respectively as at the date of the passing of relevant resolution. As at the date of this announcement, there has been no Shares issued under the General Mandate. The 485,000,000 A Shares will be allotted and issued under the General Mandate.

In the event the General Mandate expires prior to the Issue of A Shares, the Directors will seek the Shareholders' approval to renew the General Mandate in the next annual general meeting of the Company. The Company will ensure that the issue of A Shares under the A Share Offering complies with the Listing Rules.

The Company shall make further disclosure by announcements in accordance with the Listing Rules and other applicable laws and regulations once any of the above details of the proposal on the plan for the Issue of A Shares (such as the offering price, offering size and method of issue) is updated or finalised.

## **II. AUTHORISATION TO THE BOARD TO HAVE THE FULL POWER TO DEAL WITH MATTERS RELATING TO THE ISSUE AND LISTING OF A SHARES**

To ensure smooth completion of the Issue of A Shares, the Board resolved to propose at the EGM, to authorise the Board to have the full power to deal with all specific matters relating to the Issue and listing of A Shares, including but not limited to amending and finalising specific proposals and ancillary measures of the Issue of A Shares and organising their implementation based on the advice from relevant government agencies and regulatory authorities and market conditions; drafting, modifying and executing documents relating to the Issue of A Shares and submitting the same to the government agencies and regulatory authorities in connection with the Issue of A Shares; handling the procedures of reviews, registrations, filing, approvals and consents relating to the Issue of A Shares; preparing, amending, signing, submitting and disclosing the prospectus; and signing, amending, implementing, supplementing or completing the agreements, contracts and documents relating to the Issue of A Shares; and amending the Articles according to the vetting comments from relevant government agencies and regulatory authorities, etc.

The related authorisation shall be valid for 12 months from the date of approval at the EGM.

This proposal has been approved by the Board, and will be submitted to the EGM for consideration and approval by way of special resolution.

## **III. PROPOSAL ON THE ADOPTION OF THE USE OF PROCEEDS FROM THE ISSUE OF A SHARES**

The net proceeds to be raised from the Issue of A Shares, after deduction of the relevant listing expenses, are proposed to apply to (1) upgrading, reformation and construction, technical reform and capacity expansion projects of the production base(s); and (2) replenishment of working capital and repayment of bank loans.

Before the proceeds from the A Share Offering becomes available, the Company may proceed with the above projects based on the Company's plan. The Company may use its internal fund or bank borrowings to advance the capital required for the above projects. The proceeds to be raised from the Issue of A Shares, when available, can be used to replace the self-funds early invested by the Company or repay the bank borrowings. If the proceeds from the A Share Offering is not sufficient to meet the investment need of projects above, the deficiency shall be made up by the Company through self-raising funds. The balance of the proceeds from the A Share Offering after meeting the investment need of the projects above will be used to supplement the Company's working capital.

This proposal has been approved by the Board, and will be submitted to the EGM for consideration and approval by way of ordinary resolution.

#### **IV. OTHER RESOLUTIONS RELATING TO THE ISSUE OF A SHARES**

To comply with the requirements of the CSRC and other relevant authorities (including the Shanghai Stock Exchange) in connection with the application of Issue of A Shares, the Company proposed to adopt other resolutions relating to the Issue of the A Shares. These resolutions are subject to approval by Shareholders at EGM.

**(1) Proposal on Dilution of Current Returns as a result of the Issue and Proposed Remedial Measures**

This proposal has been approved by the Board, and will be submitted to the EGM for consideration and approval by way of ordinary resolution.

**(2) Proposal on Undertakings on the Disclosure of Information in the Prospectus published in connection with the Issue of A Shares**

This proposal has been approved by the Board, and will be submitted to the EGM for consideration and approval by way of ordinary resolution.

**(3) Proposal on A Share Price Stabilisation Plan**

This proposal has been considered and approved by the Board, and will be submitted to the EGM for consideration and approval by way of ordinary resolution.

**(4) Proposal on the Distribution of the Accumulated Profits Before the Issue and listing of A Shares**

This proposal has been approved by the Board and will be submitted to the EGM for consideration and approval by way of ordinary resolution.

**(5) Proposal on Shareholder dividend plan for the three-year after the Issue of A Shares**

This proposal has been approved by the Board, and will be submitted to the EGM for consideration and approval by way of ordinary resolution.

**(6) Proposal on the Report on the Use of Proceeds from Previous Fund Raising Activities**

This proposal has been approved by the Board, and will be submitted to the EGM for consideration and approval by way of ordinary resolution.

Details of the proposed adoption of the above resolutions relating to the Issue of the A Shares are set out in the circular to be despatched to the Shareholders.

**V. PROPOSED AMENDMENTS AND/OR ADOPTION OF THE MEASURES RELATING TO THE ISSUE OF A SHARES**

**(1) Proposal on amendments to the Articles to be valid after the issue and listing of A Shares**

This proposal has been approved by the Board, and will be submitted to the EGM for consideration and approval by way of special resolution.

**(2) Proposal on amendments to the Rules of Procedures for the Shareholders General Meeting to be valid after the issue and listing of A Shares**

This proposal has been approved by the Board, and will be submitted to the EGM for consideration and approval by way of ordinary resolution.

**(3) Proposal on amendments to the Rules of Procedures for the Board to be valid after the issue and listing of A Shares**

This proposal has been approved by the Board, and will be submitted to the EGM for consideration and approval by way of ordinary resolution.

**(4) Proposal on the adoption of Working System for Independent Directors**

This proposal has been approved by the Board, and will be submitted to the EGM for consideration and approval by way of ordinary resolution.

**(5) Proposal on the adoption of Administrative Measures on Related Party Transactions to be valid after the issue and listing of A Shares**

This proposal has been approved by the Board, and will be submitted to the EGM for consideration and approval by way of ordinary resolution.

**(6) Proposal on the adoption of Administrative Measures on the Use of Proceeds**

The proposal has been approved by the Board, and will be submitted to the EGM for consideration and approval by way of ordinary resolution.

**(7) Proposal on the adoption of the Administrative Measures on External Guarantees**

This proposal has been approved by the Board, and will be submitted to the EGM for consideration and approval by the EGM by way of ordinary resolution.

Details of the proposed amendments and/or adoption of the above measures relating to the Issue of A Shares are set out in the circular to be despatched to the Shareholders.

## VI. PROPOSAL ON THE ENGAGEMENT OF PRICEWATERHOUSECOOPERS ZHONG TIAN LLP (SPECIAL GENERAL PARTNERSHIP) AS THE AUDITOR FOR THE A SHARE OFFERING

The Board proposed PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) as the auditor of the Company for the A Share Offering.

The proposal has been approved by the Board, and will be submitted to the EGM for consideration and approval by way of ordinary resolution.

## VII. EFFECTS OF THE ISSUE OF A SHARES ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

All of the existing 5,494,647,500 Domestic Shares in issue as at the date of this announcement will be converted into A Shares upon the completion of the A Share Offering.

For reference and illustration purpose only, assuming there are no changes to the total issued share capital of the Company prior to the completion of the A Share Offering and that a total of 485,000,000 A Shares are to be issued under the A Share Offering (which represents approximately 6.39% of the total issued share capital of the Company as at the date of this announcement and approximately 6.0% of the total issued share capital of the Company as enlarged by the issue of the A Shares under the A Share Offering), the shareholding structure of the Company immediately before and after the completion of the Issue of A Shares under the A Share Offering is as follow:

	Immediately before completion of the A Share Offering		Immediately after completion of the A Share Offering	
	Number of Shares	Approximate percentage of the Company's total issued share capital	Number of Shares	Approximate percentage of the Company's total issued share capital
<b>Domestic Shares</b>	<b>5,494,647,500</b>	<b>72.34%</b>	-	-
<b>A Shares</b>	-	-	<b>5,979,647,500</b>	<b>74.0%</b>
A Shares to be issued <sup>(1)</sup>	-	-	485,000,000	6.0%
A Shares to be converted from Domestic Shares into A Shares and transferred to NSSF <sup>(1)</sup>	-	-	46,455,007	0.57%
A Shares to be converted from Domestic Shares into A Shares to be held by other public Shareholders <sup>(1)</sup>	-	-	1,043,596,186	12.92%
A Shares to be converted from Domestic Shares into A Shares to be held by connected persons	-	-	4,404,596,307	54.51%
<b>H Shares</b>	<b>2,100,690,682</b>	<b>27.66%</b>	<b>2,100,690,682</b>	<b>26.0%</b>
H Shares to be held by public Shareholders <sup>(2)</sup>	1,334,872,500	17.57%	1,334,872,500	16.52%
<b>Total:</b>	<b>7,595,338,182</b>	<b>100%</b>	<b>8,080,338,182</b>	<b>100%</b>



*Notes:*

- (1) Assuming that the 485,000,000 A Shares to be issued under the A Share Offering will be held by independent third parties, a total amount of 1,575,051,193 A Shares will be held by the public (comprising (i) 485,000,000 A Shares to be issued; (ii) 46,455,007 A Shares to be converted from Domestic Shares into A Shares and transferred to NSSF (the final number is subject to the approval of the State-Owned Assets Supervision and Administration Commission of Beijing); and (iii) 1,043,596,186 A Shares to be converted from Domestic Shares into A Shares to be held by other public Shareholders).
- (2) As at the date of this announcement, 1,334,872,500 H Shares were held by the public based on publicly available information and to the best knowledge of the Directors.

### ***Public float***

As at the date of this announcement, based on publicly available information and to the best knowledge of the Directors, the percentage of public float of the Company satisfied the requirements of the minimum public float (that is, 17.57%) imposed by the Stock Exchange at the time of the Company's listing of H Shares.

As a result of the proposed A Share Offering and assuming a maximum of 485,000,000 A Shares are to be issued, after completion of the A Share Offering, the percentage of A Shares to be held by the public and traded on the Shanghai Stock Exchange (including the A Shares to be converted from Domestic Shares into A Shares and transferred to the NSSF) is expected to be 19.52% at maximum, and the percentage of H Shares to be held by the public and traded on the Stock Exchange is expected to be 16.52% at minimum. The total number of Shares (both A Shares and H Shares in aggregate) to be held by the public following the completion of the A Share Offering will be approximately 36.01% of the Company's issued share capital. Therefore, upon completion of the A Share Offering, the Company will comply with the requirement on the minimum public float (that is, 17.57%) imposed by the Stock Exchange at the time of the Company's listing of H Shares. The Company will closely monitor its public float percentage to ensure its compliance, at all times, with relevant requirements on public float as stipulated under the Listing Rules and will promptly notify the Stock Exchange of any changes in the Company's public float.

As at the date of this announcement, the Company had not entered or proposed to enter into any agreement in relation to subscription of A Shares with any connected persons of the Company.

## **VIII. REASONS AND BENEFITS FOR THE A SHARE OFFERING**

The Board believes that the A Share Offering will enhance the corporate image of the Company, broaden the Company's fund raising channels, improve the Company's capital structure and further enhance its sustainability and core competitiveness. The Board believes that the A Share Offering is in the interests of the Company and the Shareholders as a whole.

## IX. FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities involving the issue of equity securities within the 12 months immediately prior to the date of this announcement.

As of the date of this announcement, the Company did not have any concrete plan to conduct and was not contemplating any fund raising activity by means of equity financing (apart from the Issue of A Shares) in the 12 months from the date of this announcement.

### EGM

The Company shall convene the EGM for the purposes of, among other things, seeking approval by the Shareholders on the matters in relation to the proposed Issue of A Shares.

The Company will despatch to the Shareholders the notice of the EGM, the form of proxy, the reply slip for the EGM, and a circular containing, among other things, details of the proposed Issue of A Shares as soon as practicable in accordance with the requirements under the Listing Rules.

**Given that the A Share Offering is subject to approval at the EGM and the approval by the securities regulatory authorities (including CSRC) and other relevant regulatory authorities (including the Shanghai Stock Exchange), the A Share Offering may or may not proceed. Shareholders and investors shall exercise caution when dealing in the H Shares.**

### DEFINITIONS

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

“A Share(s)”	the share(s) with a nominal value of RMB1.00 each in the share capital of the Company to be issued and listed on the Shanghai Stock Exchange
“A Share Offering”	the Company’s proposed initial public offering of no more than 485,000,000 A Shares, which will be listed on the Shanghai Stock Exchange
“Articles”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“Board of Supervisors”	the board of Supervisors
“Company”	北京汽車股份有限公司 (BAIC Motor Corporation Limited)*, a joint stock limited company incorporated in the PRC with limited liability and whose H Shares are listed on the Main Board of the Stock Exchange (Stock Code: 1958)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of 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 RMB
“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“EGM”	the second extraordinary general meeting of 2017 of the Company to be convened for the purposes of, among other things, seeking approval by the Shareholders on the matters in relation to the proposed Issue of A Shares
“General Mandate”	the general mandate granted to the Board by the resolution of the Shareholders passed at the annual general meeting of the Company held on 23 June, 2017 to, independently or simultaneously, allot, issue and deal with the new Shares that shall not exceed 20% of Domestic Shares and/or overseas listed foreign invested shares (H Shares) of the Company, respectively as at the date of the passing of the relevant resolution
“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, which to be subscribed for and traded in HK dollars and listed on the Stock Exchange
“H Shareholder(s)”	holder(s) of H Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	a party who is independent of the Company and its connected persons
“Issue of A Shares” or “Issue”	the proposed issue of no more than 485,000,000 A Shares with a nominal value of RMB1.00 each to natural persons, legal persons and other investors who satisfy the regulatory requirements
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange

“NSSF”	National Council for Social Security Fund (全國社會保障基金理事會)
“related person”	has the meaning ascribed to related person under the stock listing rules of Shanghai Stock Exchange
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Domestic Share(s) and H Share(s)
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“%”	per cent

By order of the Board  
**BAIC Motor Corporation Limited\***  
**Xu Heyi**  
*Chairman*

Beijing, the PRC  
16 October, 2017

*As at the date of this announcement, the Board comprises Mr. Xu Heyi, as Chairman of the Board and non-executive Director; Mr. Zhang Xiyong and Mr. Zhang Jianyong, as non-executive Directors; Mr. Chen Hongliang, as executive Director; Mr. Qiu Yinfu, Mr. Hubertus Troska, Mr. Bodo Uebber, Mr. Guo Xianpeng, Ms. Wang Jing and Mr. Zhu Baocheng, 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 purposes only