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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 A JOINT VENTURE COMPANY

The board of directors (the “**Board**”) of BAIC Motor Corporation Limited (the “**Company**”) announces that the Company has entered into a joint venture agreement (the “**Joint Venture Agreement**”) with MBtech Group GmbH & Co. KGaA (“**MBtech**”) for the establishment of a joint venture company (the “**Joint Venture**”) on February 6, 2015 in Germany. Under the Joint Venture Agreement, the parties will develop new vehicle models and carry out research and development on core parts and components through the cooperation on the development and technology of automobile products. The registered capital of the Joint Venture shall be US\$10 million with a total investment amount of US\$25 million. The Company and MBtech will hold 51% and 49% of equity interests in the Joint Venture, respectively.

The Directors (including independent non-executive Directors) are of the view that the terms and conditions of the Joint Venture Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As at the date of this announcement, Daimler AG (“**Daimler AG**”) holds 10.08% equity interests in the Company and is therefore a Substantial Shareholder of the Company. Daimler AG also holds more than 30% equity interests in MBtech and MBtech is therefore an associate of Daimler AG. Accordingly, MBtech constitutes a connected person of the Company under Chapter 14A of the Listing Rules and the establishment of the Joint Venture between the Company and MBtech constitutes a connected transaction of the Company. As the applicable percentage ratios of the transaction exceed 0.1% but fall below 5%, such transaction of the Company shall be subject to the reporting and announcement requirements but is exempt from independent shareholders’ approval requirement pursuant to Chapter 14A of the Listing Rules.

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JOINT VENTURE AGREEMENT

Date

February 6, 2015

Parties

The Company and MBtech

Name of the Joint Venture

Beijing BAIC MBtech Development Center Co. Ltd (北京北汽德奔汽車技術中心有限公司) (the final company name approved by the administration for industry and commerce shall prevail)

Scope of Business of the Joint Venture

The scope of business of the Joint Venture shall be subject to the scope of business specified in the business license of the Joint Venture.

The scope of business of the Joint Venture includes the research and development of whole passenger vehicles, electric vehicles and/or new energy vehicles and their parts and components, research and application of automobile technology, licensing and transfer of technology, import and export of technology, outsourcing of technology research and development, engineering consultancy (including manufacturing engineering and quality management) and sale of parts and components.

Conditions precedent

The Joint Venture Agreement shall come into effect upon the approval of the Board of the Company and the shareholders committee of MBtech as well as obtaining the approval and/or completing the relevant procedures in compliance with the applicable laws, rules and regulations.

Term

20 years from the date of establishment of the Joint Venture.

Capital Structure and Contribution

The registered capital of Joint Venture shall be US\$10 million with a total investment amount of US\$25 million. With respect to the registered capital of the Joint Venture, the Company shall contribute the equivalent of US\$5.1 million in RMB in cash, representing 51% of the registered capital of the Joint Venture, and MBtech shall contribute US\$4.9 million in cash, representing 49% of the registered capital of the Joint Venture.

Within 2 months from the date of establishment of the Joint Venture, the Company shall pay the equivalent of US\$1.02 million in RMB in cash and MBtech shall pay US\$0.98 million to the designated bank account of the Joint Venture. Within 14 months from the date of establishment of Joint Venture, the Company shall pay the equivalent of US\$1.02 million in RMB in cash and MBtech shall pay US\$0.98 million to the designated bank account of the Joint Venture. Within 36 months from the date of establishment of Joint Venture, the Company shall pay the equivalent of US\$3.06 in RMB in cash million and MBtech shall pay US\$2.94 million to the designated bank account of the Joint Venture.

Business and Targets

The Joint Venture will develop high-quality automobile products and automotive parts and components in international and local markets with international advanced technology and management experience and provide professional technical services to customers. Business activities of the Joint Venture agreed by the Company and MBtech shall include the research, development and sales of whole passenger vehicles and their parts and components, research and application of automotive technology.

The Joint Venture may engage in the research and development of electric vehicles and/or new energy vehicles with prior written authorization of the Company and Beijing BAIC Electric Vehicle Co., Ltd.

The Joint Venture shall commence development of whole vehicles 3 years after its establishment and target to develop one new vehicle model every year for the Company. The Joint Venture shall endeavor to develop medium- and high-end automobiles. MBtech shall assist the Joint Venture to acquire necessary management and operation skills meeting the international standards to ensure that the Joint Venture has the capability for the development of whole vehicles.

Board of Directors

The board of directors of the Joint Venture shall consist of six directors, including three appointed by the Company and three appointed by MBtech. The chairman of the board of directors shall be nominated by the Company. The term of office of the chairman and other directors shall be three years, which shall be renewable upon re-election.

Reasons for and Benefits of the Transaction

The Board believes that the establishment of the Joint Venture will optimize the research and development capabilities of the Company, effectively support the development of its proprietary brand, facilitate the further improvement of its overall strength as an automobile manufacturing enterprise and enhance its core competitiveness in line with the national policy to encourage improvement of self-innovation as well as the development trend of the automobile industry.

The Directors (including independent non-executive Directors) are of the view that the terms and conditions of the Joint Venture Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Implications under the Listing Rules

As at the date of this announcement, Daimler AG holds 10.08% equity interests in the Company and is therefore a Substantial Shareholder of the Company. Daimler AG also holds more than 30% equity interests in MBtech and MBtech is therefore an associate of Daimler AG. Accordingly, MBtech constitutes a connected person of the Company under Chapter 14A of the Listing Rules and the establishment of the Joint Venture between the Company and MBtech constitutes a connected transaction of the Company. As the applicable percentage ratios of the transaction exceed 0.1% but fall below 5%, the transaction of the Company shall be subject to the reporting and announcement requirements but is exempt from independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

Opinion of the Directors

As Mr. Hubertus Troska and Mr. Bodo Uebber, Directors of the Company, hold positions in Daimler AG as members of the management committee, they are deemed to have material interests in the transaction and have abstained from voting on the resolution of the transaction accordingly. Save for the above persons, other Directors have no interests in the transaction. Independent non-executive Directors of the Company, Fu Yuwu, Wong Lung Tak Patrick, Bao Robert Xiaochen, Zhao Fuquan and Liu Kaixiang, have considered and approved the resolution regarding the establishment of the Joint Venture. They considered that the transaction is (i) on normal commercial terms or better and in the ordinary and usual course of business of the listed issuer's group; and (ii) fair and reasonable to all Shareholders and in the interests of the Company and its Shareholders as a whole.

GENERAL INFORMATION

Information of the Company

The Company is a leading manufacturer of passenger vehicles in China which is engaged in the design, research and development, manufacture and sale of an extensive and diversified portfolio of passenger vehicle models, and the provision of related services in China. 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 of MBtech

MBtech is a company controlled by AKKA TECHNOLOGIES SA and held by AKKA TECHNOLOGIES SA and Daimler AG as to 65% and 35%, respectively. Currently, MBtech is an international leading engineering and consultancy provider which mainly focuses on the automobile, railway transport, aerospace and other industries.

DEFINITION

In this announcement, unless otherwise stated, the following terms and expressions have the meanings set forth below.

“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Shareholder(s)”	shareholder(s) of the Company
“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this announcement, the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Director(s)”	director(s) of the Company

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

Beijing, the PRC, February 6, 2015

As at the date of this announcement, the Board comprises Mr. Xu Heyi, as Chairman of the Board and non-executive Director; Mr. Li Feng, as executive Director; Mr. Zhang Xiyong, Mr. Li Zhili, Mr. Ma Chuanqi, Mr. Qiu Yinfu, Mr. Hubertus Troska, Mr. Bodo Uebber, Ms. Wang Jing and Mr. Yang Shi, as non-executive Directors; and Mr. Fu Yuwu, 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*