
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

If you are in doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountants or other professional adviser.

If you have sold or transferred all your shares in BAIC Motor Corporation Limited, you should at once hand this circular and the accompanying proxy form to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or transferee(s).



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)

Report of the Board for 2014

Report of the Board of Supervisors for 2014

Financial Report for 2014

Profits Distribution and Dividends Distribution Plan for 2014

Remuneration Plan for Independent Directors for 2015

Re-appointment of International Auditor and Domestic Auditor

Appointment of 3 Supervisors of the Company and the Remuneration of the Supervisors

Issuance of Onshore and Offshore Corporate Debt Financing Instruments

Revision of Annual Caps for Continuing Connected Transactions for 2015 and 2016

Amendments to Rules of Procedures for the Board of Directors

Amendments to Rules of Procedures for the Shareholders' General Meetings

Amendments to the Articles of Associations of the Company

General Mandates to the Board for the Issuance of Shares

And

Notice of 2014 Annual General Meeting

Independent Financial Adviser to

the Independent Board Committee and the Independent Shareholders



齊魯國際
QILU INTERNATIONAL

A letter from the Board is set out on pages 5 to 85 of this circular.

A letter from the Independent Board Committee regarding Revision of Annual Caps for Continuing Connected Transactions is set out on pages 86 to 87 of this circular. A letter from the Independent Financial Adviser regarding Revision of Annual Caps for Continuing Connected Transactions is set out on page 88 to 105 of this circular.

A notice convening the AGM to be held at 9:30 a.m. on Monday, 29 June 2015 at Multi-purpose Hall, 1st Floor, the South Tower of Beijing Automotive Industry R&D Base, No.99 Shuanghe Road, Shunyi District, Beijing, the PRC is set out on pages 111 to 112 of this circular. A form of proxy for use at the AGM is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).

Whether or not you propose to attend the AGM, holders of H Shares of the Company are requested to complete and return the enclosed form of proxy in accordance with the instruction printed thereon and return it to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the AGM or any adjournment thereof if they so wish.

* For identification purpose only

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
LETTER FROM THE INDEPENDENT BOARD COMMITTEE REGARDING REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS	86
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER REGARDING REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS	88
APPENDIX I – GENERAL INFORMATION	106
NOTICE OF 2014 AGM	111

DEFINITIONS

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

“AGM”	the annual general meeting of the Company for the year 2014 to be convened and held to, among others, approve the Revision of the Annual Caps for the Continuing Connected Transactions for 2015 and 2016 contemplated thereunder
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Associate(s)”	has the meaning ascribed to it under the Listing Rules
“BAG Finance”	BAIC Group Finance Co., Ltd.(北京汽車集團財務有限公司)
“BAIC Group”	Beijing Automotive Group Co., Ltd.(北京汽車集團有限公司)
“BAIC Hong Kong”	BAIC Hong Kong Investment Corp. Limited (北汽香港投資有限公司), a company incorporated in Hong Kong on 21 October 2009, which is a wholly-owned subsidiary of our Company
“BAIC Investment”	BAIC Investment Co., Ltd., a company incorporated in the PRC on 28 June 2002, a subsidiary of our Company with 97.95% equity interest owned by our Company and the remaining 2.05% owned by BAIC Group
“Beijing Benz”	Beijing Benz Automotive Co., Ltd. (previously known as Beijing Jeep Motor Co., Ltd. and Beijing Benz-Daimler Chrysler Automotive Co., Ltd.), a company incorporated in the PRC on 1 July 1983, a subsidiary of the Company with 51.0% equity interest owned by our Company, 38.665% owned by Daimler AG and 10.335% owned by Daimler Greater China
“Benyuanjinghong”	Shenzhen Benyuanjinghong Equity Investment Funds Company (limited partnership) (深圳市本源晶鴻股權投資基金企業(有限合夥)), a limited partnership incorporated in the PRC on 4 June 2013, one of the Shareholders

DEFINITIONS

“Board”	the board of directors of the Company
“Board of Supervisors”	the board of supervisors of the Company
“CBRC”	China Banking Regulatory Commission
“Company”	BAIC Motor Corporation Limited
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Connected Transaction Agreements I”	as defined on page 17 of this Circular
“Connected Transaction Agreements II”	as defined on page 17 of this Circular
“Daimler AG”	Daimler AG, a company established in Germany in 1886 which is a Shareholder and a Connected Person of the Company
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary shares in the Company’s share capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“General Mandates”	means the general mandates granted to the Board 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 as at the date of the passing of relevant resolution, and make corresponding amendments to the Articles of Association of the Company as it thinks fit for allotment, issuance of and dealing with such shares
“Group”	the Company and its subsidiaries

DEFINITIONS

“H Share(s)”	overseas listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, to be subscribed for and traded in HK dollars and listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	the shareholders of the Company other than the Controlling Shareholders and their associates
“Latest Practicable Date”	10 May 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, which for the purposes of this circular excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Qilu International Capital” or “Independent Financial Adviser”	Qilu International Capital Limited, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the relevant continuing connected transactions contemplated under the Connected Transaction Agreements II and the revised 2015 and 2016 annual caps thereunder and a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Shareholder(s)”	the shareholder(s) of the Company
“Share(s)”	Domestic Shares and H Shares

DEFINITIONS

“Shougang Shares”	Beijing Shougang Company Limited, a company incorporated in the PRC on 15 October 1999 and one of the Shareholders and a connected person 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

LETTER FROM THE BOARD



北京汽车
BAIC MOTOR

北京汽车股份有限公司
BAIC MOTOR CORPORATION LIMITED*

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1958)

Directors:

Name	Position
Mr. Xu Heyi	Chairman of the Board and non-executive Director
Mr. Zhang Xiyong	Non-executive Director
Mr. Li Zhili	Non-executive Director
Mr. Li Feng	Executive Director and president
Mr. Ma Chuanqi	Non-executive Director
Mr. Qiu Yinfu	Non-executive Director
Mr. Hubertus Troska	Non-executive Director
Mr. Bodo Uebber	Non-executive Director
Ms. Wang Jing	Non-executive Director
Mr. Yang Shi	Non-executive Director
Mr. Fu Yuwu	Independent non-executive Director
Mr. Wong Long Tak Patrick	Independent non-executive Director
Mr. Bao Robert Xiaochen	Independent non-executive Director
Mr. Zhao Fuquan	Independent non-executive Director
Mr. Liu Kaixiang	Independent non-executive Director

Registered address:

The fifth building
Block 25 Shuntong Road
Shunyi District
Beijing 101300, China

Principal place of business

in Hong Kong:
36/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

15 May 2015

To the Shareholders

Dear Sir or Madam,

Report of the Board for 2014

Report of the Board of Supervisors for 2014

Financial Report for 2014

Profits Distribution and Dividends Distribution Plan for 2014

Remuneration Plan for Independent Directors for 2015

Re-appointment of International Auditor and Domestic Auditor

Appointment of 3 Supervisors of the Company and the Renumeration of the Supervisors

* *For identification purpose only*

LETTER FROM THE BOARD

Issuance of Onshore and Offshore Corporate Debt Financing Instruments
Revision of Annual Caps for Continuing Connected Transactions for 2015 and 2016
Amendments to Rules of Procedures for the Board of Directors
Amendments to Rules of Procedures for the Shareholders' General Meetings
Amendments to the Articles of Associations
General Mandates to the Board for the Issuance of Shares

I. INTRODUCTION

The Company intends to hold the 2014 AGM at 9:30 a.m. on Monday, 29 June 2015 at Multi-purpose Hall, 1st Floor, the South Tower of Beijing Automotive Industry R&D Base, No.99 Shuanghe Road, Shunyi District, Beijing, the PRC. The notice to convene the AGM has been dispatched on 12 May 2015, and is set out on pages 111 to 112 of this circular.

The purpose of this circular is to provide you with details of the resolutions to be proposed by the Board, Board of Supervisors and the Shareholders for them to consider and approve as ordinary resolutions or special resolutions, as the case may be, at the AGM and provide relevant information (including the details of the Continuing Connected Transactions disclosed by the Company in the announcement dated 22 March 2015, advice from the Independent Board Committee and advice from the Independent Financial Adviser) to enable you to make an informed decision on whether to vote for or against or abstain from voting at those resolutions. Such resolutions and details are set out in the letter from the Board.

II. MATTERS TO BE RESOLVED AT THE AGM

ORDINARY RESOLUTIONS

1. REPORT OF THE BOARD FOR 2014

An ordinary resolution will be proposed on the AGM to approve the report of the Board for 2014, the full text of which is included in the annual report of the Company published at the Company's website and the HKExnews website of the Stock Exchange on 24 April 2015.

2. REPORT OF THE BOARD OF SUPERVISORS FOR 2014

An ordinary resolution will be proposed on the AGM to approve the report of the board of supervisors for 2014, the full text of which is included in the annual report of the Company published at the Company's website and the HKExnews website of the Stock Exchange on 24 April 2015.

3. FINANCIAL REPORT FOR 2014

An ordinary resolution will be proposed to the AGM to approve the financial report for 2014.

LETTER FROM THE BOARD

The financial report for 2014 prepared by the Company according to China Accounting Standards is summarized as follows:

(1) Revenue and profit

In 2014, the Company's consolidated statements recorded operating income of RMB60,072.186 million; sales costs and tax of RMB51,339.697 million. The profit for the year was RMB5,841.312 million, of which RMB4,510.807 million was attributable to the equity holders of the Company.

(2) Cash flows

In 2014, the net cash from operating activities in the Company's consolidated statements was RMB3,481.598 million. The net cash from investing activities was RMB-9,941.154 million. The net cash from financing activities was RMB11,602.265 million.

(3) Assets and liabilities

As of 31 December 2014, the total assets in the consolidated statements of the Company were RMB109,858.655 million, of which total liabilities and total equity amounted to RMB67,890.039 million and RMB41,968.616 million respectively.

The financial report for 2014 prepared by the Company according to International Financial Reporting Standards is summarized as follows. The full text of which is included in the annual report of the Company published at the Company's website and the HKExnews website of the Stock Exchange on 24 April 2015.

(1) Revenue and profit

In 2014, the Company's consolidated statements recorded revenue of RMB56,370.306 million; cost of sales of RMB47,386.825 million and distribution and management costs of RMB9,101.814 million. The profit for the year was RMB5,841.312 million, of which RMB4,510.807 was attributable to the equity holders of the Company.

(2) Cash flows

In 2014, the net cash from operating activities in the Company's consolidated statements was RMB2,261.682 million. The net cash from investing activities was RMB-9,941.154 million. The net cash from financing activities was RMB12,822.180 million. The increase for cash and cash equivalents was RMB5,142.708 million.

(3) Assets and liabilities

As of 31 December 2014, the total assets in the consolidated statements of the Company were RMB109,858.655 million, of which total liabilities and total equity amounted to RMB67,890.039 million and RMB41,968.616 million respectively. The total capital and reserves attributable to the equity holders of the Company were RMB33,354.967 million.

LETTER FROM THE BOARD

4. PROFITS DISTRIBUTION AND DIVIDENDS DISTRIBUTION PLAN FOR 2014

Pursuant to the Articles of Association, an ordinary resolution will be proposed on the AGM to approve profits distribution and dividends distribution plan of the Company.

The Board proposed to pay a final dividend of RMB0.3 per Share with an aggregate amount of RMB2,278,601,454.60. The Board recommended to distribute final dividend for the year ended 31 December 2014 in cash to the Shareholders whose name appear on the register of members of the Company on Thursday, 9 July 2015. The above dividend is subject to the approval of Shareholders on the AGM to be held on Monday, 29 June 2015.

The Company will determine the status of the holders of H Shares based on the registered address as recorded in the register of members of the Company on Thursday, 9 July 2015 (the “**Registered Address**”).

In addition, the transfer of Shares will not be effected from Saturday, 4 July 2015 to Thursday, 9 July 2015, both days inclusive. To be qualified for entitlement of the final dividend mentioned above, the holder of H Shares of the Company shall lodge the instruments of transfer with the Company’s H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 3 July 2015.

Meanwhile, the resolution of authorising the Board to implement the aforementioned distribution plan is proposed on the Shareholders’ general meeting.

Pursuant to the Enterprise Income Tax Law of PRC effective from 1 January 2008 and its implementation provisions and relevant regulations, the Company is obliged to withhold and remit enterprise income tax at a rate of 10% when it distributed the 2014 final dividend to the non-resident enterprise shareholders whose names are registered in the register of members of H Shares. Any share which is not registered in the name of individual H Shareholders, including the HKSCC Nominees Limited, other agents or trustees, or other organizations and societies is deemed as Shares held by non-resident enterprise shareholders. Thus, enterprise income tax will be deducted from their dividends.

LETTER FROM THE BOARD

According to the requirements of the Guoshuihan [2011] No. 348 of State Administration of Taxation and relevant laws and regulations, if individual H Shareholders are Hong Kong or Macau residents or residents from other countries which have entered into a taxation agreement with the PRC stipulating a dividend tax rate of 10%, the Company would withhold and remit 10% of their personal income tax. If individual H Shareholders are residents from other countries which have entered into a taxation agreement with the PRC stipulating a lower than 10%-dividend rate, the Company would apply to enjoy the relevant agreed preferential treatment on behalf of them. If individual H Shareholders are residents from other countries which have entered into a taxation agreement with the PRC stipulating a higher than 10%-but lower than 20%-dividend rate, the Company would withhold and remit their personal income tax based on the effective tax rate in relevant taxation agreement. If individual H Shareholders are residents from other countries which have entered into a taxation agreement with the PRC stipulating a 20%-dividend rate, or have not entered into any taxation agreement with the PRC, or under any other circumstances, the Company would withhold and remit 20% of their personal income tax.

The Company takes no responsibility and disclaim any liability for any claims arising from the taxation status or tax treatment of individual H Shareholders and any claims arising from failure to determine in time or inaccurate determination on the taxation status or tax treatment of individual H Shareholders, or any disagreements regarding the withholding mechanism or arrangement.

5. REMUNERATION PLAN FOR INDEPENDENT DIRECTORS FOR 2015

An ordinary resolution will be proposed on the AGM to approve the remuneration plan for the year ending 31 December 2015 for independent Directors, and authorize the remuneration committee of the Board to perform the details of such plan, together with the human resources department of the Company. According to the plan, remuneration of each independent director shall be RMB120,000 per year, before tax. The remunerations payable to each independent Directors are determined by reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market condition.

6. RE-APPOINTMENT OF INTERNATIONAL AUDITOR AND DOMESTIC AUDITOR

An ordinary resolution will be proposed on the AGM to approve the re-appointment of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the domestic auditor and international auditor of the Company for 2014 and 2015 respectively for a term of office until next annual general meeting, and authorize the management of the Company to determine their respective audit fees.

7. APPOINTMENT OF 3 SUPERVISORS OF THE COMPANY AND THE REMUNERATION OF THE SUPERVISORS

(1) Mr. Yu Wei

Shougang Shares proposes to elect Mr. Yu Wei as the Supervisor of the Company according to relevant laws, regulations including the Company Law of the PRC and the Articles of Association. Mr. Yu Wei meets the qualification requirements to serve as Supervisor as

LETTER FROM THE BOARD

stipulated in relevant laws, regulations and the Articles of Association. The term of office of Mr. Yu Wei will commence from the date on which the relevant resolution being passed on the AGM until the end of the term of office of the Supervisors of the second session of the board of supervisors.

The biographical details of Mr. Yu Wei are set as below:

Mr. Yu Wei, aged 37, Master Degree, steel rolling engineer. Mr. Yu has worked as the chairman and general manager of Beijing Shougang Cold-Rolled Sheet Co., Ltd. since 2014. He served as the assistant to general manager, secretary of the party committee and head of the silicon operating department of Shougang Qiangang Co., Ltd. from April 2014 to June 2014. Mr. Yu also served as the executive deputy head and head of the cold-rolled operating department of Shougang Qiangang Co., Ltd from 2012 to 2014. He took the position of assistant to the head, director of production and technology office and deputy head of the hot-rolled operating department of Shougang Qiangang Co., Ltd from 2006 to 2012. Mr. Yu worked as deputy section chief of hot-rolled sheet section and deputy leader of the preparatory group No.2160 of Shougang Steel CO., Ltd. from 2001 to 2006. From 1999 to 2001, Mr. Yu served the positions of Technician of technology department and Deputy section chief of hot-rolled sheet section (on job training) of the heavy plate factory of Shougang Steel Co., Ltd. Mr. Yu Wei graduated from Northeastern University majoring in pressurized metal process and obtained his bachelor's degree. He then obtained his master degree at Commodity Analysis and Application University majoring in mineral processing. Mr. Yu Wei was promoted to steel rolling engineer in March 2014.

As of the Latest Practicable Date, save as disclosed above, Mr. Yu Wei confirmed that (i) he is not connected with the Directors, Supervisors, senior management, substantial shareholders or Controlling Shareholder; (ii) he did not hold any equity interest in the Company as defined in Part XV of the SFO; (iii) he is not in possession of any information that is required to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules, nor is he being involved or has been involved in any activity that shall be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules. Save as disclosed in the biographical details, Mr. Yu Wei does not hold any directorship in other listed companies in the last three years, nor is he holding any positions in any members of the Group. As the Shareholder's representative Supervisor, Mr. Yu Wei will not receive any remuneration from the Company.

(2) Mr. Pang Minjing

The board of supervisors proposes to elect Mr. Pang Minjing as the Independent Supervisor of the Company according to relevant laws, regulations including the Company Law of the PRC and the Articles of Association. Mr. Pang Minjing meets the qualification requirements to serve as independent Supervisor as stipulated in relevant laws, regulations and the Articles of Association. The term of office of Mr. Pang Minjing will commence from the date on which this resolution being passed on the AGM and the amendments to the Articles of Association in relation to the composition of the Board of Supervisors being effective until the end of the term of office of the Supervisors of the second session of the board of supervisors.

LETTER FROM THE BOARD

The biographical details of Mr. Pang Minjing are set as below:

Mr. Pang Minjing, aged 59, Bachelor's Degree, Senior Counsel. Mr. Pang has worked as an officer in Beijing North Law Firm since 2002, and as a partner in Beijing North Law Firm from 1988 to 2002. He previously worked as a lawyer in Beijing Municipal Second Law Firm from 1985 to 1988, as a cadre in Beijing Municipal Security Bureau from 1983 to 1985, and a worker in Beijing Automobile Repair Company Factory from 1975 to 1979. Mr. Pang Minjing graduated from China University of Political Science and Law with a bachelor's degree. Mr. Pang Minjing was named as the National Outstanding Attorney at Law and was approved to engage in securities legal business and state-owned enterprises reform business by governmental authorities and was a first-round registered senior corporate counsel in China.

As of the Latest Practicable Date, save as disclosed above, Mr. Pang Minjing confirmed that (i) he is not connected with the Directors, Supervisors, senior management, substantial shareholders or Controlling Shareholder; (ii) he did not hold any equity interest in the Company as defined in Part XV of the SFO; (iii) he is not in possession of any information that is required to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules, nor is he being involved or has been involved in any activity that shall be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules. Save as disclosed in the biographical details, Mr. Pang Minjing does not hold any directorship in other listed companies in the last three years, nor is he holding any positions in any members of the Group.

Mr. Pang Minjing is entitled to receive an annual independent Supervisor's fee in the sum of RMB120,000 (pre-tax) for his roles as Supervisor. The Supervisor's fees payable to Mr. Pang Minjing are determined by reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market condition.

(3) Mr. Zhan Zhaohui

The board of supervisors proposes to elect Mr. Zhan Zhaohui as the Independent Supervisor of the Company according to relevant laws, regulations including the Company Law of the PRC and the Articles of Association. Mr. Zhan Zhaohui meets the qualification requirements to serve as independent Supervisor as stipulated in relevant laws, regulations and the Articles of Association. The term of office of Mr. Zhan Zhaohui will commence from the date on which this resolution being passed on the AGM and the amendments to the Articles of Association in relation to the composition of the Board of Supervisors being effective until the end of the term of office of the Supervisors of the second session of the board of supervisors.

LETTER FROM THE BOARD

The biographical details of Mr. Zhan Zhaohui are set as below:

Mr. Zhan Zhaohui, aged 46, Master Degree, Certified Public Accountant, Certified Public Valuer, Certified Tax Agent and International Certified Internal Auditor. Mr. Zhan has worked as deputy general manager of Beijing Tianyuankai Assets Appraisal Co., Ltd since 2012. He worked as a partner of Huaxia Zhongcai (Beijing) Certified Public Accountants and the chairman of the board of Huaxia Jiacheng (Beijing) Assets Appraisal Co., Ltd. from 2009 to 2012, and the department manager of Huaxia Zhongcai (Beijing) Certified Public Accountants from 2007 to 2008. Mr. Zhan worked as a project manager in Beijing Huaxia Tianhai Certified Public Accountants and Beijing Huarongjian Assets Appraisal Firm from 2002 to 2007. He was a project team leader of the Environmental Science Institute in Beijing General Research Institute of Mining and Metallurgy from 1998 to 2002. Mr. Zhan worked as a general manager assistant of Lubricant Company of Shaowu Branch of Fujian Province Petroleum Corporation from 1993 to 1995, and worked as a clerk of operation division of Shaowu Branch of Fujian Province Petroleum Corporation from 1989 to 1993. Mr. Zhan Zhaohui graduated from Oil Product Analysis and Application College of Heilongjiang Institute of Commerce with a bachelor's degree, and obtained a master's degree of mineral processing engineering from the Beijing General Research Institute of Mining and Metallurgy. Mr. Zhan Zhaohui was a member of Specialized Committee of Beijing Institute of Certified Public Accountants from 2010 to 2011, and is an expert in evaluation report review committee of State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality since 2013.

As of the Latest Practicable Date, save as disclosed above, Mr. Zhan Zhaohui confirmed that (i) he is not connected with the Directors, Supervisors, senior management, substantial shareholders or Controlling Shareholder; (ii) he did not hold any equity interest in the Company as defined in Part XV of the SFO; (iii) he is not in possession of any information that is required to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules, nor is he being involved or has been involved in any activity that shall be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules. Save as disclosed in the biographical details, Mr. Zhan Zhaohui does not hold any directorship in other listed companies in the last three years, nor is he holding any positions in any members of the Group.

Mr. Zhan Zhaohui is entitled to receive an annual independent Supervisor's fee in the sum of RMB120,000 (pre-tax) for his roles as Supervisor. The Supervisor's fees payable to Mr. Zhan Zhaohui are determined by reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market condition.

LETTER FROM THE BOARD

8. ISSUANCE OF ONSHORE AND OFFSHORE CORPORATE DEBT FINANCING INSTRUMENTS

(1) Issuing Entity, Size of Issuance and Method of Issuance

The Company and/or its subsidiary(ies) will be the issuing entity of the RMB debt financing instruments. The RMB debt financing instruments that will be approved by or filed with the CSRC and other relevant authorities in accordance with the relevant regulations will be issued on an one-off or multiple issuance or multi-tranche issuance basis through public offerings in the People's Republic of China or through private placements to the qualified investors in accordance with CSRC's relevant regulations.

The Company or its offshore subsidiary(ies) will act as the issuing entity(ies) of the offshore debt financing instruments. The offshore debt financing instruments will be issued on an one-off or multiple issuance or multi-tranche issuance basis through public offerings or private placements outside the PRC.

The sizes of the issuance of the onshore and offshore corporate debt financing instruments will be in aggregate no more than RMB10 billion (inclusive, calculated based on the aggregate balance outstanding upon issue of the instruments and, in the case of an instrument denominated in a foreign currency, based on the median rate for the exchange rates as quoted by The People's Bank of China on the date of each issuance), and shall be in compliance with the requirements prescribed in the relevant laws and regulations on the maximum amount of the debt financing instruments to be issued. The issuance size of RMB10 billion is calculated based on the forecast fund application, which will mainly be used for fixed assets investment, repayment of bonds and loans due.

The Board will present resolution to the AGM for authorizing the Board to determine, at its sole discretion, the issuing entity, the size of issue, the number of tranches, the currency and the method of issuance in accordance with the relevant laws and regulations after taking into account the advices and recommendations made by the regulatory authorities, the Company's actual needs of the funds and the then prevailing market conditions on the principle of maximizing the interest of the Company.

(2) Types of Debt Financing Instruments

The RMB debt financing instruments will include (as the case may be) ordinary bonds, non-public placement debt, short-term bills, medium term, super short-term bills notes and the other types which can be issued as permitted by the regulatory authorities.

The offshore debt financing instruments will include (as the case may be) bonds and other types.

The Board will present resolution to the AGM for authorizing the Board and agreeing the Board in turn to authorize the management to determine the types of the onshore and offshore corporate debt financing instruments and the priorities for repayment of creditors in accordance with the relevant regulations and the then prevailing market conditions.

LETTER FROM THE BOARD

(3) Terms of Debt Financing Instruments

The term of the onshore and offshore corporate debt financing instruments shall be no longer than 10 years (inclusive) with a single term or hybrid type with multiple terms. The Board will present this resolution to the AGM for authorizing the Board and agreeing the Board in turn to authorize the management to determine the term and size of each type of the onshore and offshore corporate debt financing instruments in accordance with the relevant regulations and the then prevailing market conditions.

(4) Interest Rate of Debt Financing Instrument

The Board will present this resolution to the AGM for authorizing the Board and agreeing the Board in turn to authorize the management to determine the interest rate of the onshore and offshore corporate debt financing Instruments to be issued as well as the method of calculation and payment thereof in accordance with the then prevailing domestic market conditions and the relevant regulations in respect of the administration on the interest rate of the debt financing instruments (in the case of an issuance of the RMB debt financing instruments) or in accordance with the then prevailing overseas market conditions (in the case of an issuance of the offshore debt financing instruments). The bonds upon registration will be issued in due course based on the capital requirements of the Company and then prevailing market interest rate. In normal practice, bond interest rate is relatively lower than bank borrowing rate, and accordingly can lower the financing cost of the Company.

(5) Use of Proceeds

The proceeds to be raised from the issuance of the onshore and offshore corporate debt financing instruments will be used to meet the business operation needs of the Company, repayment of the loan to the financial institutions, supplement the working capital of the Company and/or make project investment. The Board will present this resolution to the AGM for authorizing the Board to determine the use of proceeds in accordance with the Company's demand for capital.

(6) Issuing Price

The Board will present this resolution to the AGM for authorizing the Board to determine the issuing price of the onshore and offshore corporate debt financing instruments in accordance with the relevant laws and the then prevailing market conditions at the time of issuance.

(7) Targets of Issue

The targets of the onshore and offshore corporate debt financing instruments shall be the onshore and offshore investors which meet the conditions for subscription.

(8) Listing of the Debt Financing Instruments

The Board will present this resolution to the AGM for authorizing the Board to determine the relevant matters involved in the application for the listing of the onshore and offshore corporate debt financing instruments in accordance with the actual conditions of the Company and the then prevailing conditions of the domestic and overseas markets.

LETTER FROM THE BOARD

(9) Valid Period of the Resolutions Passed

The validity period of the resolutions passed at the AGM for the issuance of the onshore and offshore corporate debt financing instruments shall be 12 months from the date of approval by the AGM. Where the Board had, during the term of the authorization, decided the issuance or partial issuance of the onshore and offshore corporate debt financing instruments, and provided the Company had also, during the term of the authorization, obtained the approval, license, filing or registration from the regulatory authorities on the issuance (if applicable), the Company may, during the validity period of such approval, license, filing or registration/confirmation, complete the issuance or relevant partial issuance of the onshore and offshore corporate debt financing instruments.

(10) Authorization for the Issuance of the Onshore and Offshore Corporate Debt Financing Instruments

To ensure effective coordination of the issuance of the onshore and offshore corporate debt financing instruments and specific matters in the issuance processes, the Board will present this resolution to the AGM for authorizing the Board and agreeing the Board in turn to authorize the management to deal with all matters in connection with the issuance of the onshore and offshore corporate debt financing instruments in accordance with the relevant laws, regulations and opinions and advices from the regulatory authorities, within the framework and under the principles approved at the AGM, and based upon the general principle of acting in the best interest of the Company, including but not limited to:

- 1) formation and adjustment of specific plans for the issuance of the onshore and offshore corporate debt financing instruments in accordance with the applicable laws, regulations and relevant provisions from the regulatory authorities as well as resolutions passed at the AGM for such purposes, and based on the actual conditions of the Company and the relevant debt markets, including, without limitation, determination of the suitable issuing entity(ies), timing of issuance, specific amount and method of issuance, target of issuance, targets and duration, whether to issue on an one-off, multiple issuance, multi-tranche issuance, tranche and category issuance basis and, if on multiple issuances, multi-tranche issuance or multiple-category issuance basis, the size and term of each issuance, tranche and category thereof, the ways in which the nominal value and interest rate are determined, currency (including offshore RMB), pricing method, issuance arrangements, specific methods of application and purchase, whether to incorporate terms of repurchase or redemption, specific private placement arrangement, use of proceeds, registration, listing of onshore and offshore corporate debt financing Instruments and place of listing, measures to mitigate repayment risks, measures to ensure debt repayment, etc. and all matters relating to the issuance of the onshore and offshore corporate debt financing instruments, except guarantee;

LETTER FROM THE BOARD

- 2) determining and engaging intermediary agency, signing, executing, amending and completing all agreements and documents relating to the issuance of the onshore and offshore corporate debt financing instruments, including, without limitation, underwriting agreement, bond indenture, engagement letter with intermediary agency, trust agreement, liquidation management agreement, registration and custody agreement, listing agreement and other legal documents, etc., and disclosing the relevant information in accordance with the relevant laws, regulations and the listing rules of the exchanges on which the Company's securities are listed (including but not limited to the preliminary and final offering memoranda of the debt financing instruments, and all announcements and circulars, etc. in relation to the issuance of the onshore and offshore corporate debt financing instruments);
- 3) selecting and engaging trustee(s) and clearance/settlement manager(s) for the issuance of the onshore and offshore corporate debt financing instruments, signing the trust agreement(s) and clearance/settlement management agreement(s) and (if applicable) formulating rules for meetings of the holders of the debt financing instruments;
- 4) undertaking all applications and filings as well as listing matters with regard to the issuance of the onshore and offshore corporate debt financing instruments, including, without limitation, preparing, revising and submitting relevant applications and filings of materials relating to the issuance and listings of the onshore and offshore corporate debt financing instruments, and signing the relevant applications and filing documents and other legal documents;
- 5) making relevant adjustments to matters relating to the issuance of the onshore and offshore corporate debt financing instruments according to the opinions and changes in the policies of the regulatory authorities or the changes in market conditions, or determining whether to continue with all or part of the work in respect of the issuance of onshore and offshore corporate debt financing instruments in accordance with the actual situation, unless re-approval by the Shareholders at general meeting is otherwise required pursuant to the relevant laws, regulations and the Articles of Association of the Company; and
- 6) dealing with the other matters in relation to the issuance of the onshore and offshore corporate debt financing instruments.

The above-mentioned authorization shall expire 12 months following the date which the resolutions were approved at the AGM, to be consistent with the term under paragraph (9) above.

LETTER FROM THE BOARD

9. REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS FOR 2015 AND 2016

I. BACKGROUND

References are made to the section headed “Connected Transactions” of the prospectus of the Company dated 9 December 2014, the Announcement on the Continuous Connected Transactions of the Company dated 31 December 2014, and the Announcement on the Revision of Annual Caps for Continuing Connected Transactions of the Company dated 22 March 2015 in relation to, among other things, the continuing connected transactions between the Company and connected persons, the Property and Facility Leasing Framework Agreement, the Products and Services Purchasing Framework Agreement, the Provision of Products and Services Framework Agreement entered into by the Company and Beijing Automotive Group Co., Ltd. (“**BAIC Group**”) on 2 December 2014, and the Financial Services Framework Agreement entered into by the Company and BAIC Group Finance Co., Ltd. (“**BAG Finance**”) on 2 December 2014. Unless the context otherwise requires, terms used in this circular shall have the same meaning as those defined in the prospectus and the announcements.

According to the latest business development plans of the Company, the Board considers that the existing annual caps of the Continuing Connected Transactions for the years of 2015 and 2016 are unable to satisfy the Company’s requirements for the years of 2015 and 2016. The Board therefore proposes that the existing annual caps in respect of the years of 2015 and 2016 be revised in order to cater for the Company’s demand for the years of 2015 and 2016.

As the highest applicable ratios of the contemplated provision of property and facility leasing services to the Company according to the Property and Facility Leasing Framework Agreement signed by the Company and BAIC Group and the contemplated provision of services by the Company according to the Provision of Products and Services Framework Agreement signed by the Company and BAIC Group exceeds 0.1% but is lower than 5% as defined by the Listing Rules, the connected transaction contemplated under the aforesaid agreements (the “**Connected Transaction Agreements I**”) and relevant annual caps (the “**Revised 2015 and 2016 Annual Caps I**”) shall be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but exempted from the independent shareholders’ approval requirement. The details of the connected transactions contemplated hereof (the “**Continuing Connected Transactions I**”) are for Shareholders’ reference.

As the highest applicable ratios of the contemplated provision of financial services to the Company according to the Financial Services Framework Agreement signed by the Company and BAG Finance and the contemplated provision of products to the Company according to the Products and Services Purchasing Framework Agreement and the contemplated provision of products by the Company according to the Provision of Products and Services Framework Agreement (the “**Connected Transaction Agreements II**”), which were signed respectively by the Company and BAIC Group, exceeds 5% as defined by the Listing Rules, the connected transaction contemplated under the aforesaid agreements (the “**Continuing Connected Transactions II**”) and relevant annual caps (the “**Revised 2015 and 2016 Annual Caps II**”) shall be subject to the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. BAIC Group and its Associates, who have material interests in the transactions, shall abstain from voting on the resolution(s) to be proposed at the AGM.

LETTER FROM THE BOARD

II. DETAIL OF THE CONNECTED TRANSACTIONS

1. Property and facility leasing service

Property and Facility Leasing Framework Agreement

- The parties: The Company (as the lessee); BAIC Group (as the lessor)
- Principal terms: The Company entered into the Property and Facility Leasing Framework Agreement with BAIC Group on 2 December 2014, pursuant to which the Company and/or subsidiaries has leased properties and facilities from BAIC Group and/or its Associates for manufacturing specific passenger vehicles. The principal terms of the Property and Facility Leasing Framework Agreement are as follows:
- the rent payables under the Property and Facility Leasing Framework Agreement shall be agreed based on arm's length negotiations between the relevant parties with reference to market rates at relevant location and subject to relevant rules and regulations of the PRC;
 - separate agreements stipulating the specific terms and conditions (including property rents, payment methods and other usage fees) in respect of relevant leased properties and facilities shall be entered into; and
 - the initial terms of the Property and Facility Leasing Framework Agreement commenced on 9 December, 2014 and will end on 31 December, 2016, subject to renewal through mutual consents by the parties.
- Pricing policy: The monthly rents payable during the leasing term are determined after arm's length negotiations between the relevant parties with reference to the prevailing market price of properties of comparable size and quality situated in the same locality.

The independent property valuer and consultant, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, has confirmed that the current rents under the existing property leasing agreements with a total gross floor area of approximately 182,990.23 sq.m. are fair and reasonable and represent the prevailing market rates for similar properties situated in their locality that are used for similar purposes in Beijing, the PRC.

LETTER FROM THE BOARD

Basis for the annual caps: The proposed annual caps for the rents of the leased properties were estimated on the basis of: (1) the total gross floor area of approximately 173,180.23 sq.m. of the properties leased by the Group from BAIC Group and its subsidiaries; (2) the unit rent agreed under the property leasing contracts entered into between BAIC Group and its subsidiaries and the Group; and (3) the current office space of the Company is unable to fulfill office and business requirements due to the business expansion demands of the Company and the increase of staff of the Company. The Company will have demands for increased leased office space in 2015 and 2016.

Transaction rationale and benefits of the transaction: The company has leased certain properties from the BAIC Group and/or its Associates. Compared with independent third parties, BAIC Group has a better understanding of our property requirements in relation to office premises, warehousing and production usage. In addition, relocating our offices, warehouses and plants to other premises will cause unnecessary disruptions to our operation and unnecessary costs.

Historical figures:

Unit: RMB million

	2012	2013	2014
	45.3	144.8	127.4

The proposed annual caps:

Unit: RMB million

Change to the 2015 Annual Cap			Change to the 2016 Annual Cap		
Originally approved 2015 Annual Cap	Newly applied 2015 Annual Cap	Additional cap applied for the 2015 Annual Cap	Originally approved 2016 Annual Cap	Newly applied 2016 Annual Cap	Additional cap applied for the 2016 Annual Cap
147.1	333.5	186.4	147.1	336.7	189.6

LETTER FROM THE BOARD

2. Financial services under the Financial Services Framework Agreement

The parties: The Company; BAG Finance

Principal terms: The Company entered into the Financial Services Framework Agreement BAG Finance on 2 December 2014, pursuant to which BAG Finance will provide financial services to the Company, and such financial services primarily include (i) deposits; (ii) loans; and (iii) other financial services including discounted notes service and other services subject to obtaining relevant approvals from CBRC.

The initial term of the Financial Services Framework Agreement commenced on 9 December, 2014 and will end on December 31, 2016, subject to renewal through mutual consents by the parties.

Pricing policy: The Financial Services Framework Agreement provides for the following pricing principles:

- (a) Deposits services. Interest rates for the deposits placed by the Group with BAG Finance will not be lower than: (i) the interest rate published by the People's Bank of China ("PBOC") for deposits of a similar type for the same period; (ii) the interest rate for deposits of a similar type for the same period placed by the subsidiaries of BAIC Group other than the Group; or (iii) the interest rate for deposits of a similar type for the same period offered by independent commercial banks to the Company and its subsidiaries.
- (b) Loans services. Interest rates on the loans to be advanced by BAG Finance to the Group will not be higher than: (i) the loan interest rate published by the PBOC for loans of a similar type for the same period; (ii) the interest rate for comparable loans offered by BAG Finance to other subsidiaries of BAIC Group other than the Group; or (iii) the interest rate for loans of a similar type offered for the same period by independent commercial banks to the Company and its subsidiaries.
- (c) Other financial services. The interest rates or services fees will be: (i) subject to the benchmark fee (if applicable) for similar types of financial services published by PBOC or CBRC from time to time; (ii) comparable to, or no less favorable to the Group than, the interest rates or fees charged by independent commercial banks or financial institutions for similar types of financial services; and (iii) comparable to, or

LETTER FROM THE BOARD

no less favorable than, fees charged by BAG Finance to the subsidiaries of BAIC Group other than the Group for similar financial services.

In relation to the discounted notes service and other financial services, the interest rates and service fees charged by BAG Finance will be determined with reference to the market rates of similar services and will not be higher than those offered by other independent PRC financial institutions to the Group. The staff in the finance center of the Group collect information on service fees from various commercial banks and BAG Finance on a regular basis for the purpose of gathering up-to-date market information on service fees for similar services. Such information will be updated when the Group enters into discounted notes service arrangements and other financial services. The financial institution that can provide the best interest rates or service fees will be selected for such financial services. The Directors consider that the above methods and procedures can ensure that the service fees charged by BAG Finance will not be higher than those offered by other independent PRC financial institutions to the Group and will not be prejudicial to the interests of the Company and the Shareholders.

Basis for the
annual caps:

Caps for deposits placed by the Group with BAG Finance (maximum daily balance and interest income): Such estimated caps are determined with reference to: (i) historical and expected sales revenues from Beijing Motor; (ii) historical and expected sales revenues from Beijing Benz; (iii) historical maximum daily balance deposited with BAG Finance as a percentage of sales revenue from Beijing Motor; and (iv) historical maximum daily balance deposited with BAG Finance as a percentage of sales revenue from Beijing Benz.

According to the matching financial services required for the rapid expansion of the business of the Company, the Company predicts its highest daily deposit amount and corresponding daily interest balance with BAG Finance will increase in 2015 and 2016.

LETTER FROM THE BOARD

Transaction rationale and benefits of the transaction:

The main reasons for the Company to enter into the Financial Services Framework Agreement with BAG Finance are as follows:

- (a) as all members of the BAIC Group and the Group are entitled to utilize deposit services, loan services and other financial services, the Financial Services Framework Agreement would allow for the provision of intra-group loans amongst members of the Group, thus opening another channel for the Group to raise loans and providing the Group with an alternative to raising loans from other financial institutions, which would in turn promote funding liquidity among the Group, enhance the overall ability of the Group to repay debts, and assist with monitoring and controlling financial risks;
- (b) the use of BAG Finance as a platform to manage the funds of the Group would facilitate a more efficient deployment of funds of the Group;
- (c) the interest rates on the deposit services and loan services offered, and the service fees in connection with the other financial services charged by BAG Finance to the Group will be no less favourable than, on a case-by-case basis, those offered to the Group by any independent third party;
- (d) as BAG Finance only provides financial services to members of the BAIC Group, it has acquired extensive knowledge of our industry for several years. At the same time, BAG Finance is familiar with the Company's capital structure, business operations, funding needs and cash flow patterns, which enables it to better anticipate the Company's business needs. BAG Finance is well-positioned in providing the Company with customized services;
- (e) the arrangements under the Financial Services Framework Agreement would save financial costs, and accordingly increase the profitability of the Group;

LETTER FROM THE BOARD

- (f) the arrangements under the Financial Services Framework Agreement would allow the Group to centralize the Company's deposited funds to a certain degree (limited by the proposed deposit annual caps), which would expedite the monitoring of the use and application of funds within the Group, and would provide the Group with higher bargaining power (than when the deposited sum was split between financial institutions) with regard to the terms and interest rates of the deposit services;
- (g) by virtue of the Company's indirect equity interests in BAG Finance, the expansion of the business of BAG Finance will bring economic benefits to the Company; and
- (h) BAG Finance is regulated by PBOC and CBRC, and as such its services provided must be in accordance with and in compliance with the rules and operational requirements of such regulatory authorities. Considering that the interest rates and other commercial benefits of the Group are no less favorable than those of independent commercial banks, the Company believes that the continuous provision of financial services by BAG Finance is beneficial to the Group and its Shareholders as a whole.

Internal control
and corporate
governance
measures:

Although there is no limit on the percentage of the Company's total liquid and/or surplus funds to be deposited or loaned to BAG Finance, the Company considers that for the reasons explained above, the following measures are in the interests of the Shareholders as a whole. The Company has adopted the following measures with respect to the transactions under the Financial Services Framework Agreement in order to further safeguard the interests of its Independent Shareholders:

(1) Independent financial system

The Company has established an independent financial department with a team composed of independent financial staff, and supervised by the vice president of the Company in charge of finance. The Company has adopted a sound and independent audit system and a comprehensive financial management system. The Company also maintains accounts with independent banks. BAIC Group does not share any bank account with the Company nor does it control the use of any of the Company's bank accounts. The Company has independent tax registrations and have paid tax independently pursuant to applicable PRC laws and regulations.

LETTER FROM THE BOARD

(2) Risk management measures

- BAG Finance and BAIC Group will provide sufficient information including various financial indicators (as well as annual and interim financial statements) at the end of every quarter to enable the Company to monitor and review the financial condition of BAG Finance and BAIC Group. BAG Finance and BAIC Group shall notify the Company, subject to compliance with applicable laws and regulations, should any of them be subject to any judicial, legal or regulatory proceedings or investigations which are reasonably likely to have a material impact on the financial condition of any of them. If the Company considers that there is any material adverse change in the financial condition of any of the BAG Finance and BAIC Group, the Company will take appropriate measures (including early withdrawal of deposits and a moratorium on further deposits) to protect its financial position.
- In addition to the Company's internal monitoring, BAG Finance is also required to monitor the maximum daily balance of the deposits on a daily basis to ensure that the aggregate outstanding amounts do not exceed the applicable annual caps. BAG Finance will provide the Company with a periodic report on the status of the Company's deposits and loans so as to enable the Company to monitor and ensure the relevant annual caps under the Financial Services Framework Agreement have not been exceeded. Should the balance at the end of any day exceed the maximum daily balance of deposits and interest income prevailing at that time, the excess funds will be transferred to the Company's designated bank accounts with an independent commercial bank. The Company shall also be notified immediately once the daily balance exceeds the maximum daily balance limit.
- The Company will, from time to time, at its sole discretion, request that the deposits with BAG Finance be withdrawn or terminated early (either in full or in part) to assess and ensure the liquidity and safety of its deposits.

LETTER FROM THE BOARD

(3) Internal control measures

- The Company has adopted internal control policies which are implemented by its finance center. All cash inflow and outflow of the Group should be considered in light of a unified budget. In addition, the vice president of the Company in charge of finance and his team will be responsible for closely monitoring such ongoing and continuing connected transactions.
- The Company's management will prepare periodic risk assessment reports of the funds deposited with BAG Finance. The contents of such risk assessment reports will include the maximum daily balance of the deposits for the reporting period and the deposits with BAG Finance during the reporting period.
- In particular, independent non-executive Directors of the Company will independently scrutinize the implementation and enforcement of the transactions under the Financial Services Framework Agreement on an annual basis. If the independent non-executive Directors consider that it would be in the interests of the Company to reduce the level of deposits with BAG Finance, the Company will take appropriate measures to implement the decision of the independent non-executive Directors. Any material findings in the risk assessment reports, the views of the independent non-executive Directors on the deposits under the Financial Services Framework Agreement (including their views on how the terms of the Financial Services Framework Agreement have been complied with), and their decisions on any matters in relation thereto, will be disclosed in the Company's annual and interim reports.
- During the annual audit of the Company, it would engage its auditors to review connected transactions between the Group and BAIC Group to ensure that the transactions under the Financial Services Framework Agreement have been conducted in accordance with the Listing Rules and have fulfilled the relevant disclosure requirements.

LETTER FROM THE BOARD

Historical figures-highest daily deposit amount:

Unit: RMB million

2012	2013	2014
4,031.3	7,295.7	9,193.0

The proposed annual caps – highest daily deposit amount:

Unit: RMB million

Change to the 2015 Annual Cap			Change to the 2016 Annual Cap		
Originally approved 2015 Annual Cap	Newly applied 2015 Annual Cap	Additional cap applied for the 2015 Annual Cap	Originally approved 2016 Annual Cap	Newly applied 2016 Annual Cap	Additional cap applied for the 2016 Annual Cap
2,600.0	9,800.0	7,200.0	–	11,000.0	11,000.0

Historical figures-highest interest income from deposits placed by the Company with BAG Finance:

Unit: RMB million

2012	2013	2014
24.4	53.8	108.6

The proposed annual caps – highest interest income from deposits placed by the Company with BAG Finance:

Unit: RMB million

Change to the 2015 Annual Cap			Change to the 2016 Annual Cap		
Originally approved 2015 Annual Cap	Newly applied 2015 Annual Cap	Additional cap applied for the 2015 Annual Cap	Originally approved 2016 Annual Cap	Newly applied 2016 Annual Cap	Additional cap applied for the 2016 Annual Cap
61.0	110.0	49.0	–	170.0	170.0

LETTER FROM THE BOARD

3. Product procurement

Products and Services Purchasing Framework Agreement

- The parties: The Company (as the buyer); BAIC Group (as the provider)
- Principal terms: The Company entered into the Products and Services Purchasing Framework Agreement with BAIC Group on 2 December 2014, pursuant to which BAIC Group and/or its Associates has provided several types of products and services to the Company and/or subsidiaries. These products will include automobile modules, raw materials, and components and parts, as well as labor services, logistics services, back-office services, advertising services and consultancy services. The initial term of the Products and Services Purchasing Framework Agreement commenced on 9 December, 2014 and will end on 31 December, 2016, subject to renewal through mutual consents by the parties.
- Pricing policy: In order to ensure that the terms of individual transaction in respect of the purchase of products and general services by the Group from BAIC Group are fair and reasonable and in line with market practices, the Group has adopted the following measures:
- to have regular contact with the suppliers of the group (including the BAIC Group) to keep abreast of market developments and the price trend of general services;
 - before placing an individual purchase order, to invite certain number of suppliers (including BAIC Group) from the approval list of suppliers of the Group to submit quotations or proposals; and
 - to have the suppliers and pricing of products and general services determined by the collective decision of the Company's tender assessment board according to our Company's administrative measures for market quotations. Members of the tender assessment board include representatives from the components and parts development department, suppliers management department, research and development department, compliance and supervision department, finance center and audit department. Procurement engineers, product engineers and supplier quality management engineers will also participate in the assessment to review and compare the quotations or proposals received and assess the same based on various factors such as pricing, flexibility, quality and after-sales service.

LETTER FROM THE BOARD

Where there are other independent suppliers, the Company and the subsidiaries will obtain quotations for comparable products or services that may be available from other independent suppliers in order to determine whether viable alternatives of comparable quality can be obtained in a timely manner and at the most competitive price. If alternatives are available, the Company and the subsidiaries will conduct a tender process before selecting suppliers for such alternatives. In such a tender process, the Connected Persons and their Associates are treated no differently from any other independent suppliers. Consequently, the purchase of products and general services by our Company and our subsidiaries from our connected persons and their Associates would not be made if the Company and the subsidiaries could obtain better terms from any other suppliers.

Raw materials, automotive modules, and automobile parts and components

Raw materials, automotive modules (including modules for dashboards and chassis), and automobile parts and components have historically been, and will continue to be, priced with reference to a combination of factors, including costs of materials, labor costs and employee benefit expenses, electricity and other utility costs, depreciation, machinery maintenance costs and selling and administrative expenses which are attributable to the procurement or production of such raw materials and components as well as automotive part products. Based on the above factors, each raw material, automotive module or finished automotive part product is ascribed a unit cost.

BAIC Group would then charge us a profit margin within the pre-agreed arm's length range over such unit cost. The prices of automotive modules and automobile parts and components provided by BAIC Group and/or its Associates are determined with reference to actual costs or reasonable costs (whichever is lower) incurred plus a profit margin within the pre-agreed arm's length range determined in the following order: (i) at prices not higher than the market prices; and (ii) if no comparable market price, at prices with reference to actual costs or reasonable costs (whichever is lower) incurred plus a profit margin within the pre-agreed arm's length range. To monitor that the prices charged by BAIC Group are fair and reasonable, we have historically requested, prior to entering into individual supply agreements with BAIC Group, and will continue to request that BAIC Group provide a schedule of the costs being incurred by BAIC Group in respect of the raw materials, automotive modules and automotive parts and components being supplied by BAIC Group. Once such schedule is

LETTER FROM THE BOARD

received, we have historically and will continue to (i) assess independently whether the costs incurred are fair and reasonable; (ii) request clarification and supporting documents from BAIC Group if we are of the view that the cost of items stated by BAIC Group are materially different from the costs that were quoted by BAIC Group historically; and (iii) verify that the profit margin on the total costs incurred by BAIC Group falls within the pre-agreed range of profit margins.

Logistics services

Logistics services provided to us by BAIC Group include transportation and storage services. The fees of logistics services are charged on the basis of the value of the complete vehicles, components and parts, custodial requirements, size and level of inventories, delivery and handling requirements and the number of vehicles. When determining the prices, the procurement department of our Group has made reference to the market prices charged for logistics services by other comparable automotive enterprises based on its extensive expertise and experience.

Other services fees

The services fees for other general services charged by BAIC Group and/or its Associates are determined by arm's length negotiations between the relevant parties. Our Group will make reference to the historical fees of such general services and will also refer to the comparable market prices, to ensure that the terms of services provided by BAIC Group are fair and reasonable to our Group. We believe that we are able to obtain the same or similar general services from independent third parties in the PRC and other regions at any time.

Basis for the
annual caps:

The proposed annual caps are made with reference to the following factors:

- (i) unit purchase cost for each vehicle model of our Group and the expected market condition and general cost inflation for the relevant period;
- (ii) the estimated sales volume of passenger vehicles with steady growth by taking into account, among others, macroeconomic conditions as well as the development strategies and business expansion plan of our Group;
- (iii) the estimated annual caps for 2014, 2015 and 2016 include the respective expected annual value of the connected

LETTER FROM THE BOARD

transactions between Beijing Benz and BAIC Group and its Associates; and

- (iv) the number of raw material parts and equipment related to the procurement of whole vehicles and specific whole vehicles of the Company are rising substantially in 2015 and 2016.

The increase in the estimated annual caps for the purchase of products and services from BAIC Group and its Associates by our Group is primarily due to the expected increase of our total costs and expenses, which is ultimately driven by the business expansion plan of our Group. Our Group (including Beijing Benz) launched and manufactured various new models in 2014 and 2015, which results in significant increases in our total costs and expenses for such years. In addition, the expected sales volume of existing models are continuing to rise driven by the continued demand growth in their respective segments, which results in the increase of our total costs and expenses (cost of sales, selling and distribution expenses, and general and administrative expenses).

In particular:

- the estimated sales amount was prepared on the basis of multiplying the estimated price per unit of the products by the estimated sales quantities of the corresponding components and that the expected unit purchase cost for existing raw materials, automotive modules, automotive parts and components and related logistic and other services, after considering the expected market condition, will not have material change except for the general cost inflation;
- the new annual caps for the transaction amount of purchase of products is mainly driven by the expected increase in the demand of passenger vehicles in 2015 and 2016 as well as the expected launch of several brand new products in the premium passenger vehicles market and SUV automobile market. We expects that the transaction amount of purchase of products will be driven by the expected growth of sales volume of passenger vehicles in 2015 and 2016; and
- the expected demand for higher quality premium new products will require the purchase of better and more sophisticated new raw materials, automotive modules, automotive parts and components from BAIC Group and/or its Associates which will be comparatively more expensive than the costs of existing raw materials, automotive modules, automotive parts and components purchased from BAIC

LETTER FROM THE BOARD

Group and/or its Associates for existing products. As a result, it is expected that the total procurement costs for these raw materials, automotive modules, automotive parts and components for the production of new premium products will be increased.

Reasons for the transaction:

In the ordinary and usual course of our business, the Group purchases products and services from BAIC Group and/or its Associates. We have been using the products and services provided by BAIC Group and/or its Associates for several years. BAIC Group has been providing us with a long-term stable supply. As a result, BAIC Group and its Associates understand our business and operational requirements well. Our Directors believe that it is crucial to maintain a stable and quality supply of products and general services for our existing and future production and operation. With reference to our previous purchasing experience with BAIC Group and its Associates, we believe BAIC Group can efficiently fulfill our requirements with stable and quality supply of products and general services.

Automobile parts and components and raw materials

Our Group is capable of carrying on its business independently of BAIC Group as it can procure the parts and components and raw materials supplied by BAIC Group and its Associates from independent third parties.

Our Company believes that the purchases of automobile parts, components and raw materials from BAIC Group and its Associates would benefit our Group for the following reasons:

- (i) the purchases from BAIC Group and its associates will be at competitive prices not less favorable than those that our Group can obtain from independent third parties;
- (ii) BAIC Group and its associates are familiar with our Group's specifications, standards and requirements on automobile parts and components and raw materials; and
- (iii) our Directors consider that it is crucial for our Group to maintain the stability in supply and quality of automobile parts and components and raw materials for our existing and future production needs. In view of our product purchasing experience with BAIC Group and its associates, our Directors are of the view that BAIC Group and its Associates can effectively fulfill our requirements in supply stability as well as quality.

LETTER FROM THE BOARD

Arrangement of purchasing new energy vehicle components and related assembly services during the New Energy Transition Period

During the production process within the New Energy Transition Period, we will supply semifinished vehicles to New Energy, which will then assemble power units and components (including batteries, electronic control systems and seats) into such semifinished vehicles and subsequently deliver the fully assembled electric passenger vehicles to us for selling to end customers. We will pay New Energy a total sum representing (a) the procurement costs of such power units and components and (b) a service fee for providing such assembly services to us.

As of the Latest Practicable Date, no research and development and production arrangements in relation to electric passenger vehicles after the New Energy Transition Period have been officially determined.

Automotive modules

We source certain automotive modules, including modules for dashboards and chassis, from several subsidiaries of BAIC Group. Our Directors consider that our Group is capable of manufacturing automotive modules independently. In order to utilize our own resources more efficiently and focus on our core business, we have outsourced the production of automotive modules to BAIC Group and/or its Associates. Our Group will continue this arrangement after Listing for the following reasons:

- (i) the production lines of these module systems are specifically designed for a number of our products, meeting the specific production requirements of such products of our Group;
- (ii) BAIC Group has been providing us with a long-term stable supply and it is familiar with our products and requirements;
- (iii) in addition, due to the geographical proximity between the subsidiaries of BAIC Group, which produce automotive modules for our Group, the transportation costs of products are low. The close cooperation with BAIC Group also facilitates our quality control and management; and
- (iv) subsidiaries of BAIC Group produce quality automotive modules for our Group and provide complete after-sales services for further improving the automotive module production lines based on our feedback.

LETTER FROM THE BOARD

Notwithstanding the above reasons, we believe that there are many adequate automobile module suppliers in the market and that we are able to identify suitable automobile parts suppliers in the market at any time.

Purchase of whole vehicles

In order to optimize our production strategy, our Group purchased whole vehicles (i.e. Beijing Motor proprietary branded passenger vehicles and Wevan 306) produced by BAIC Limited, a subsidiary of BAIC Group, and paid purchase costs of whole vehicles to BAIC Limited. Our Directors have confirmed that such arrangements are common in the automotive industry and are in the best interests of our Shareholders as a whole.

Our Group believes that the provisional arrangement of purchasing whole vehicles from BAIC Limited would benefit our Group for the following reasons:

- (i) our Group can effectively deploy its production resources and further enhance the control of costs by utilizing the production capacity of BAIC Limited;
- (ii) our Group can better utilize the production facilities and products planning of BAIC Limited;
- (iii) our Group believes that BAIC Limited is familiar with our Group's production requirements and is able to supply quality whole vehicles to us; and
- (iv) the price charged to us by BAIC Limited is no less favorable than our internal manufacturing cost.

Based on the advice from our PRC legal advisers, our Directors are of the view that the production of Beijing Motor proprietary branded passenger vehicles and Wevan 306 by BAIC Limited does not violate any applicable laws and regulatory requirements in the PRC.

As of the date of this prospectus, we have reassessed our production capacity and found that our Zhuzhou Branch has sufficient capacity to manufacture Wevan 306, as a result of which, our Directors plan to discontinue the provisional arrangement with BAIC Limited after the Listing.

LETTER FROM THE BOARD

Transportation services

Zhongdu Logistics Co., Ltd. (中都物流有限公司) (“**Zhongdu Logistics**”), a subsidiary of BAIC Group, provides logistics services for our whole vehicles, parts and components, including transportation and storage services.

Our Company considers that the purchase of logistics services from BAIC Group and its associates would benefit our Group for the following reasons:

- (i) Zhongdu Logistics has been providing us with long-term stable supply and consistent quality services, being familiar with our special requirements on the transportation of complete vehicles and automobile parts and components;
- (ii) in addition, warehouse centers of Zhongdu Logistics are in geographical proximity to our production plant, which facilitates the transportation of complete vehicles and parts and components, thereby lowering our logistics and shortening transportation time; and
- (iii) the transportation service fees charged by Zhongdu Logistics are no less favorable than the fees charged to us by independent third parties.

Back-office services

Our Company believes that the purchases of ancillary administrative and back-office services from BAIC Group and/or its Associates would benefit our Group for the following reasons:

- (i) BAIC Group and/or its Associates have been providing us with long-term stable ancillary administrative and back-office services for certain office premises of our Group in Beijing, the PRC, including meeting facilities and services, catering services and information technology services;
- (ii) as the relevant services are of consistent quality, cost efficiency and localization convenience, it is in our best interests to continue to procure such services from BAIC Group and/or its Associates; and
- (iii) the relevant back-office service fees charged by BAIC Group and/or its Associates are no less favorable than the fees charged to us by independent third parties.

LETTER FROM THE BOARD

Historical figures:

Unit: RMB million

	2012	2013	2014
	2,270.9	3,188.3	5,995.8

The proposed annual caps:

Unit: RMB million

Change to the 2015 Annual Cap			Change to the 2016 Annual Cap		
Originally approved 2015 Annual Cap	Newly applied 2015 Annual Cap	Additional cap applied for the 2015 Annual Cap	Originally approved 2016 Annual Cap	Newly applied 2016 Annual Cap	Additional cap applied for the 2016 Annual Cap
15,195.0	17,020.1	1,825.1	22,973.8	26,458.6	3,484.8

4. Provision of products

Provision of Products and Services Framework Agreement

The parties: The Company (as the provider); BAIC Group (as the buyer)

Principal terms: The Company entered into the Provision of Products and Services Framework Agreement with BAIC Group on 2 December, 2014, pursuant to which BAIC Group and/or its Associates purchased the following types of products from our Company and/or our subsidiaries: facilities, raw materials, components and parts and complete. We expect that our Group will mainly sell complete vehicles and provide relevant automotive parts and components to BAIC Group.

The initial term of the Provision of Products and Services Framework Agreement commenced on 9 December, 2014 and will end on 31 December, 2016, subject to renewal through mutual consents by the parties.

LETTER FROM THE BOARD

Pricing policy: To ensure that the terms of the transactions contemplated under the Provision of Products and Services Framework Agreement are on terms no less favorable than those entered into between our Group and independent third parties, the Provision of Products and Services Framework Agreement specifically provides that terms of transactions contemplated thereunder are to be on terms no less favorable than those entered into between our Company and independent third parties.

The service fees charged to BAIC Group by us were determined on the basis of arm's length negotiations between the relevant parties. We will make reference to the applicable historical prices of products and services and will base such on the principle of cost plus a reasonable margin, to ensure that the terms of supplying products and services to BAIC Group are fair and reasonable.

Complete vehicles and relevant automotive parts

In determining the prices of the raw materials, automobile parts, components and complete vehicles, we will refer to the average profit margin in the market or the principle of the cost plus a reasonable profit margin. The underlying costs include raw materials, accessories, depreciation, salary, energy, cutters/tools, technology consumption, equipment maintenance, management fees and financial fees. With the assistance of the relevant procurement experience of our procurement department, we gather information on market prices and profit margin levels of automobile products in the industry through industrial associations and independent automobile products suppliers in the PRC.

Basis for the annual caps: The proposed annual caps are estimated on the basis of:

- (i) the steady growth on future sales of complete vehicles to be manufactured and assembled by Beijing Benz and Beijing Motor by taking into account, among others, macroeconomic conditions as well as the development strategies and business expansion plan of our Group;
- (ii) the percentage of our sales to the dealership outlets operated by the associates of BAIC Group in the future, which is determined with reference to the historical percentage of our sales of complete vehicles manufactured and assembled by Beijing Benz and Beijing Motor to the dealership outlets operated by the associates of BAIC Group;

LETTER FROM THE BOARD

- (iii) the estimated annual caps for 2014, 2015 and 2016 include the respective expected annual value of the connected transactions; and
- (iv) the whole vehicle production volume of the Company in 2015 and 2016 will increase substantially than that of 2014. Therefore it is predicted that the sales volume of whole vehicles and the related raw material parts and equipment of the Company will increase substantially in 2015 and 2016 accordingly.

The increase in the estimated annual caps for the provision of products and services to BAIC Group and its associates by the Group is primarily linked to the expected increase of our revenues, which is ultimately driven by our business expansion plan.

Reasons for the transaction:

In the ordinary and usual course of our business, our Group provides various products and general services to BAIC Group and/or its Associates. Our Directors consider that the provision of products and general services to BAIC Group would benefit our Group for the following reasons:

- (i) BAIC Group and/or its Associates can benefit from our professional sales team which has a solid understanding of China's automobile market and diversified sales channels thereby reducing their sales cost;
- (ii) subsidiaries of BAIC Group operating dealership outlets purchase vehicles manufactured and assembled by Beijing Benz and vehicles under our proprietary brand for resale in its dealership outlets. Our Company and those subsidiaries of BAIC Group have established a long-term relationship and understand the business plan, quality control and other special requirements of each other;
- (iii) BAIC Group and/or its Associates purchase automobile components, such as automobile engines, from our subsidiary, Powertrain, for their daily production; and
- (iv) prices and terms for the products and general services provided by us to BAIC Group are not less favorable than those offered to independent third parties.

LETTER FROM THE BOARD

Historical figures:

Unit: RMB million

	2012	2013	2014
	266.9	594.4	1,902.6

The proposed annual caps:

Unit: RMB million

Change to the 2015 Annual Cap			Change to the 2016 Annual Cap		
Originally approved 2015 Annual Cap	Newly applied 2015 Annual Cap	Additional cap applied for the 2015 Annual Cap	Originally approved 2016 Annual Cap	Newly applied 2016 Annual Cap	Additional cap applied for the 2016 Annual Cap
2,796.8	15,377.7	12,580.9	4,173.9	22,925.4	18,751.5

5. Provision of services

Provision of Products and Services Framework Agreement

The parties: The Company (as the provider); BAIC Group (as the buyer)

Principal terms: The Company entered into the Provision of Products and Services Framework Agreement with BAIC Group on 2 December, 2014, pursuant to which BAIC Group and/or its associates purchased the following types of services from our Company and/or our subsidiaries: sales agency services, transportation services and consultancy. We expect that our Group will mainly sell complete vehicles and provide relevant automotive parts and components to BAIC Group.

The initial term of the Provision of Products and Services Framework Agreement commenced on 9 December, 2014 and will end on December 31, 2016, subject to renewal through mutual consents by the parties.

LETTER FROM THE BOARD

Pricing policy: To ensure that the terms of the transactions contemplated under the Provision of Products and Services Framework Agreement are on terms no less favorable than those entered into between our Group and independent third parties, the Provision of Products and Services Framework Agreement specifically provides that terms of transactions contemplated thereunder are to be on terms no less favorable than those entered into between our Company and independent third parties.

The service fees charged to BAIC Group by us were determined on the basis of arm's length negotiations between the relevant parties. We will make reference to the applicable historical prices of products and services and will base such on the principle of cost plus a reasonable margin, to ensure that the terms of supplying products and services to BAIC Group are fair and reasonable.

Complete vehicles and relevant automotive parts

In determining the prices of the raw materials, automobile parts, components and complete vehicles, we will refer to the average profit margin in the market or the principle of the cost plus a reasonable profit margin. The underlying costs include raw materials, accessories, depreciation, salary, energy, cutters/tools, technology consumption, equipment maintenance, management fees and financial fees. With the assistance of the relevant procurement experience of our procurement department, we gather information on market prices and profit margin levels of automobile products in the industry through industrial associations and independent automobile products suppliers in the PRC.

Basis for the annual caps: Due to the business expansion demands of the Company, the R&D funding required to provide R&D services to BAIC Group and its Connected Persons in 2015 and 2016 will increase.

The whole vehicle production volume of the Company in 2015 and 2016 will increase substantially than that of 2014. Therefore it is predicted that the sales volume of whole vehicles and the related raw material parts and equipment of the Company will increase substantially in 2015 and 2016 accordingly.

LETTER FROM THE BOARD

The above proposed annual caps are estimated on the basis of:

- (i) the steady growth on future sales of complete vehicles to be manufactured and assembled by Beijing Benz and Beijing Motor by taking into account, among others, macroeconomic conditions as well as the development strategies and business expansion plan of our Group;
- (ii) the percentage of our sales to the dealership outlets operated by the Associates of BAIC Group in the future, which is determined with reference to the historical percentage of our sales of complete vehicles manufactured and assembled by Beijing Benz and Beijing Motor to the dealership outlets operated by the Associates of BAIC Group;
- (iii) the estimated annual caps for 2014, 2015 and 2016 include the respective expected annual value of the connected transactions; and
- (iv) the whole vehicle production volume of the Company in 2015 and 2016 will increase substantially than that of 2014. Therefore it is predicted that the sales volume of whole vehicles and the related raw material parts and equipment of the Company will increase substantially in 2015 and 2016 accordingly.

The increase in the estimated annual caps for the provision of products and services to BAIC Group and its Associates by the Group is primarily linked to the expected increase of our revenues, which is ultimately driven by our business expansion plan.

Reasons for the transaction:

In the ordinary and usual course of our business, our Group provides various products and general services to BAIC Group and/or its Associates. Our Directors consider that the provision of products and general services to BAIC Group would benefit our Group for the following reasons:

- (i) BAIC Group and/or its Associates can benefit from our professional sales team which has a solid understanding of China's automobile market and diversified sales channels thereby reducing their sales cost;

LETTER FROM THE BOARD

- (ii) subsidiaries of BAIC Group operating dealership outlets purchase vehicles manufactured and assembled by Beijing Benz and vehicles under our proprietary brand for resale in its dealership outlets. Our Company and those subsidiaries of BAIC Group have established a long-term relationship and understand the business plan, quality control and other special requirements of each other;
- (iii) BAIC Group and/or its Associates purchase automobile components, such as automobile engines, from our subsidiary, Powertrain, for their daily production; and
- (iv) prices and terms for the products and general services provided by us to BAIC Group are not less favorable than those offered to Independent Third Parties.

Historical figures:

Unit: RMB million

	2012	2013	2014
	10.5	19.7	37.0

The proposed annual caps:

Unit: RMB million

Change to the 2015 Annual Cap			Change to the 2016 Annual Cap		
Originally approved 2015 Annual Cap	Newly applied 2015 Annual Cap	Additional cap applied for the 2015 Annual Cap	Originally approved 2016 Annual Cap	Newly applied 2016 Annual Cap	Additional cap applied for the 2016 Annual Cap
98.4	662.0	563.6	128.8	725.1	596.3

III. IMPLICATION OF THE LISTING RULES

BAIC Group is the sole Controlling Shareholder of the Company. BAIC Group owns approximately 45.61% of the total issued share capital of the Company. According to the Listing Rules, BAIC Group is a Connected Person of the Company. The transactions between the Company and BAIC Group constitute connected transactions of the Company under the Listing Rules.

LETTER FROM THE BOARD

BAG Finance is an Associate of BAIC Group, and BAIC Group is the sole Controlling Shareholder of the Company. According to the Listing Rules, BAG Finance is a Connected Person of the Company. The transaction between the Company and BAG Finance constitute connected transaction of the Company under the Listing Rules.

As the highest applicable ratios of the contemplated provision of property and facility leasing services to the Company according to the Property and Facility Leasing Framework Agreement signed by the Company and BAIC Group and the contemplated provision of services by the Company according to the Provision of Products and Services Framework Agreement signed by the Company and BAIC Group exceeds 0.1% but is lower than 5% as defined by the Listing Rules, the Continuing Connected Transactions I contemplated under the Connected Transaction Agreements I and the Revised 2015 and 2016 Annual Caps I shall be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but exempted from the independent shareholders' approval requirement. The details of the Continuing Connected Transactions I stated in this circular are for Shareholders' reference.

As the highest applicable ratios of the contemplated provision of financial services to the Company according to the Financial Services Framework Agreement signed by the Company and BAG Finance and the contemplated provision of products to the Company according to the Products and Services Purchasing Framework Agreement and the contemplated provision of products by the Company according to the Provision of Products and Services Framework Agreement, which were signed respectively by the Company and BAIC Group, exceeds 5% as defined by the Listing Rules, the Continuing Connected Transactions II contemplated under the Continuing Connected Transactions Agreements II and the Revised 2015 and 2016 Annual Caps II shall be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. BAIC Group and its associates, who have material interests in the transactions, shall abstain from voting on the resolution(s) to be proposed at the AGM.

The Company has formed an Independent Board Committee to provide advice to the Independent Shareholders regarding the fairness and reasonableness of the terms of the Connected Transaction Agreements II, the Revised 2015 and 2016 Annual Caps II, and the Continuing Connected Transaction Agreements II. Qilu International Capital has been appointed as the independent financial advisor of the Company to provide advice on such matters to the Independent Board Committee and Independent Shareholders.

IV. CONFIRMATION FROM THE BOARD AND APPROVAL OF INDEPENDENT SHAREHOLDER

The Audit Committee and the Independent Board Committee under the Board have given their opinion to the Board regarding Continuing Connected Transactions II, the Revised 2015 and 2016 Annual Caps II and the Continuing Connected Transaction Agreements II. The Board (including independent non-executive directors) have reviewed such opinion, and is of the view that such transactions are in the ordinary course of business of the Company, and have been entered into on normal commercial terms or terms no less favourable to the Company than those with independent third parties.

LETTER FROM THE BOARD

The Continuing Connected Transactions II are and will be conducted in the ordinary and usual course of business of the Company. The Continuing Connected Transactions II will continue to be agreed on an arm's length basis with terms that are fair and reasonable to the Company. Due to the long-term relationship between the Company and BAIC Group, and between the Company and BAG Finance, the Directors (including the independent non-executive Directors) consider that: (a) it is beneficial to the Company to continue to enter into the Continuing Connected Transactions II as these transactions have facilitated and will continue to facilitate the operation and growth of the Company's business; (b) the Continuing Connected Transactions II have been conducted on normal commercial terms or on terms no less favourable than those available to the Company from independent third parties, under prevailing local market conditions, and were entered into in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the Revised 2015 and 2016 Annual Caps II and the terms of Continuing Connected Transaction Agreements II are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Board considered and approved the resolution in relation to the Continuing Connected Transactions II, the Revised 2015 and 2016 Annual Caps II and the terms of Continuing Connected Transaction Agreements II. As the Directors of the Company, Xu Heyi, Zhang Xiyong, Li Zhili, Li Feng and Ma Chuanqi, are also the directors of BAIC Group, they are deemed to have material interests in the transactions. They had abstained from voting on the resolution of the approval of the Continuing Connected Transactions II, the Revised 2015 and 2016 Annual Caps II and the terms of Continuing Connected Transaction Agreements II. Save for the above persons, other Directors have no interests in the Continuing Connected Transactions II.

V. GENERAL INFORMATION

5.1 The Company

The Company is a leading manufacturer of passenger vehicles in China. It 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. It 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.

5.2 BAIC Group

BAIC Group is a state-owned enterprise established on 30 June 1994 with a registered capital of approximately RMB4.55 billion. Its principal businesses include manufacturing, sale, import and export 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.

LETTER FROM THE BOARD

5.3 BAG Finance

BAG Finance is a non-banking financial institution incorporated in November 2011 in the PRC with a registered capital of RMB1,500 million. BAG Finance is 56% owned by BAIC Group, 20% owned by BAIC Investment Co., Ltd., 14% owned by Beijing Foton Motor Co., Ltd. and 10% owned by Beijing Hainachuan Automotive Arts Co., Ltd.. It is subject to the Administrative measures on Financial Companies of Group Enterprises (《企業集團財務公司管理辦法》) and other relevant regulations promulgated by the PBOC and the CBRC. Its establishment was approved by the CBRC and its operation is subject to the ongoing supervision of the CBRC and the applicable regulations related to interest rates issued by the PBOC and CBRC.

VI. VOTING ARRANGEMENT

As BAIC Group owns approximately 45.61% of the issued share capital of the Company, it is a Controlling Shareholder and thus a Connected Person(s) of the Company. Under Rule 14A.36 of the Listing Rules, any connected person and shareholder and their Associates who have a material interest in the Continuing Connected Transactions II and are required to abstain from voting in respect of the related resolutions at the Shareholders' general meeting. Accordingly, due to the interest of BAIC Group in these transactions, BAIC Group and its Associates would be required to abstain from voting on the resolutions for the approval of the Continuing Connected Transactions II, the Revised 2015 and 2016 Annual Caps II and the terms of Continuing Connected Transaction Agreements II.

LETTER FROM THE BOARD

10. AMENDMENTS TO RULES OF PROCEDURES FOR THE BOARD OF DIRECTORS

Amendments to the Rules of Procedure of the Board of Directors of BAIC Motor Corporation Limited

Article	Original	Revised
Article 6	<p>The Company shall have one chairman and the chairman of the board of directors shall exercise the following powers:</p> <p>(1) to preside over general meetings and convene and preside over meetings of the board of directors;</p> <p>(2) to supervise and check on the implementation of the resolutions of the general meetings and the board of directors;</p> <p>(3) to sign the significant documents of the board of directors and other documents required to be signed by the legal representative of the Company;</p> <p>(4) to exercise certain powers of the board of directors in accordance with authorisation of the board of directors during adjournment of the board meeting;</p> <p>(5) to sign the share certificates issued by the Company;</p> <p>(6) to organise the formulation of relevant systems and to coordinate the operation of the board of directors;</p> <p>(7) to exercise special powers of discretion and disposal regarding the Company's affairs in compliance with the laws and regulations and in the interests of the Company in the event of wars and emergency caused by force majeure such as natural disasters, and to report to the board of directors and general meetings after exercising such powers;</p>	<p>The Company shall have one chairman and the chairman of the board of directors shall exercise the following powers:</p> <p>(1) to preside over general meetings and convene and preside over meetings of the board of directors;</p> <p>(2) to supervise and check on the implementation of the resolutions of the general meetings and the board of directors;</p> <p>(3) to sign the significant documents of the board of directors and other documents required to be signed by the legal representative of the Company;</p> <p>(4) to exercise certain powers of the board of directors in accordance with authorisation of the board of directors during adjournment of the board meeting;</p> <p>(5) to sign the share certificates issued by the Company;</p> <p>(6) to organise the formulation of relevant systems and to coordinate the operation of the board of directors;</p> <p>(7) to exercise special powers of discretion and disposal regarding the Company's affairs in compliance with the laws and regulations and in the interests of the Company in the event of wars and emergency caused by force majeure such as natural disasters, and to report to the board of directors and general meetings after exercising such powers;</p>

LETTER FROM THE BOARD

Article	Original	Revised
	<p>(8) to receive the work reports of the president, other senior management of the Company and the persons-in-charge of the invested enterprises of the Company;</p> <p>(9) the board of directors authorises the chairman of the board of directors to decide on the following issues:</p> <ol style="list-style-type: none"> 1. any pledge of assets and investment with a transaction amount being more than 1% but less than 3% of the latest audited net assets of the Company; 2. any entrusted wealth management with a transaction amount being less than 3% of the latest audited net assets of the Company; 3. any bank loan with an amount within the credit limit approved by the board of directors and being more than 10% of the latest audited net assets; 4. any donation with a single amount being less than RMB3 million and the total amount within a year being less than RMB10 million, and the total amount to the same receiver in the same year being less than RMB3 million; 5. acquisition and disposal of significant assets within a year with an amount of more than RMB50 million but less than 3% of the latest audited net assets of the Company. 	<p>(8) to receive the work reports of the president, other senior management of the Company and the persons-in-charge of the invested enterprises of the Company;</p> <p>(9) the board of directors authorises the chairman of the board of directors to decide on the following issues:</p> <ol style="list-style-type: none"> 1. any pledge of assets and investments with a transaction amount being more than 1% but less than 3% of the latest audited net assets of the Company; 2. any entrusted wealth management with a transaction amount being less than 3% of the latest audited net assets of the Company; 3. any bank loan with an amount within the credit limit approved by the board of directors and being more than 10% of the latest audited net assets; 4. any donation with a single amount being less than RMB3 million and the total amount within a year being less than RMB10 million, and the total amount to the same receiver in the same year being less than RMB3 million; 5. acquisition and disposal of significant assets within a year with an amount of more than RMB50 million but less than 3% of the latest audited net assets of the Company.

LETTER FROM THE BOARD

Article	Original	Revised
	<p>(10) to approve resolutions or matters proposed by the president except those required to be approved by the board of directors or general meeting;</p> <p>(11) to exercise other functions and powers conferred by the law, regulations, Articles of Association or the board of directors.</p> <p>In respect of the functions and powers of the chairman authorised by the board of directors set out in clause (9) of this Article (except (i) matters related to annual operation plan, annual investment plan or investment plan formally approved by the general meeting or the board of directors or (ii) matter related to the daily operation of the Company or matters set out in items 3 and 4 of clause (9)), the chairman of the board of directors shall submit the resolutions for the consideration of the relevant special committee of the board of directors in accordance with the Articles of Association and relevant procedure of special committee of the board of directors and shall make decision based on the audit opinion of such special committee of the board of directors.</p> <p>Chairman of the board of directors shall submit to the board of directors a report on the matters within the scope of authorisation delegated by the board of directors in a proper way.</p>	<p>(10) to approve resolutions or matters proposed by the president except those required to be approved by the board of directors or general meeting;</p> <p>(11) to exercise other functions and powers conferred by the law, regulations, Articles of Association or the board of directors.</p> <p>In respect of the functions and powers of the chairman authorised by the board of directors set out in clause (9) of this Article (except (i) matters related to annual operation plan or annual investment plan approved by the board of directors or (ii) matter related to the daily operation of the Company or matters set out in items 3 and 4 of clause (9)), the chairman of the board of directors shall submit the resolutions for the consideration of the relevant special committee of the board of directors in accordance with the Articles of Association and relevant procedure of special committee of the board of directors and shall make decision based on the audit opinion of such special committee of the board of directors.</p> <p>Chairman of the board of directors shall submit to the board of directors a report on the matters within the scope of authorisation delegated by the board of directors in a proper way.</p>

LETTER FROM THE BOARD

Article	Original	Revised
Article 14	<p>Regular Meeting</p> <p>Regular meetings of the board of directors shall be held at least four times in each year and shall be convened once every quarter in principle. Detailed time and venue for convening the regular meetings are determined by the chairman of the board of directors.</p> <p>Among which, within four months after the end of the last accounting year, a regular meeting shall be convened and the matters to be considered at the meeting shall include <u>the work report of the president, work report of the board of directors, final accounts for the last year and the financial budgets in the next year, annual profit distribution proposal</u> and other matters.</p> <p>Within two months after the end of the half-year term, another regular meeting shall be convened and the matters to be considered at the meeting shall include the half-yearly <u>financial</u> report of the Company and other matters.</p> <p><u>Other agenda matters, detailed time and venue for convening the regular meetings are determined by the chairman of the board of directors.</u></p>	<p>Regular Meeting</p> <p>Regular meetings of the board of directors shall be held at least four times in each year and shall be convened once every quarter in principle. The <u>agenda</u>, detailed time and venue for convening the regular meetings are determined by the chairman of the board of directors.</p> <p>Among which, within four months after the end of the last accounting year, a regular meeting shall be convened and the matters to be considered at the meeting shall include the <u>annual report</u> of the Company for the last year and other matters.</p> <p>Within two months after the end of the half-year term, another regular meeting shall be convened and the matters to be considered at the meeting shall include the <u>half-yearly</u> report of the Company for the first half of the year and other matters.</p>

LETTER FROM THE BOARD

Article	Original	Revised
Article 15	<p>Extraordinary Meeting</p> <p>The chairman of the board of directors shall convene and preside over an extraordinary meeting within 10 days from the date of receipt of the request by the following persons:</p> <p>Where the chairman of the board of directors considers necessary;</p> <p>(1) request by more than one-third of the directors;</p> <p>(2) request by the board of supervisors;</p> <p>(3) request by shareholders individually or jointly holding more than one tenth of the total number of shares carrying voting rights;</p> <p>(4) request by more than half of the independent directors;</p> <p>(5) request by the president;</p> <p>(6) request by the securities regulatory authorities.</p>	<p>Extraordinary Meeting</p> <p><u>A request for convening an extraordinary board meeting may be made by the chairman of the board of directors, shareholders individually or jointly holding more than one tenth of the total number of shares carrying voting rights, more than one-third of the independent directors, the president or the board of supervisors. The chairman of the board of directors shall convene and preside over a board meeting within 10 days from the date of receipt of the request.</u></p>
Article 16	<p>Convener of Meeting</p> <p>The meetings of the board of directors shall be convened by the chairman of the board of directors. Should the chairman of the board of directors is unable or fails to exercise his duties or powers, a director elected by more than a half of the directors shall convene the meeting. <u>The convener is responsible for issuing the notice of the board meeting.</u></p>	<p>Convener of Meeting</p> <p>The meetings of the board of directors shall be convened by the chairman of the board of directors. Should the chairman of the board of directors is unable or fails to exercise his duties or powers, a director elected by more than a half of the directors shall convene <u>and preside over</u> the meeting.</p>

LETTER FROM THE BOARD

Article	Original	Revised
Article 17	<p>A written request for convening an extraordinary board meeting under these Rules with signature (seal) of the proposer shall be submitted to the secretary to the board of directors. The written request shall contain the following:</p> <p>(1) name of the proposer;</p> <p>(2) reasons for the proposal or objective causes based upon;</p> <p>(3) specific and detailed proposals, matters to be considered by the board of directors and appendix materials;</p> <p>(4) contacts of the proposer, date of request and etc.</p> <p><u>The matters of a proposal shall be within the scope of powers of the board of directors in accordance with the Articles of Association and these Rules and shall be submitted together with the related materials. If the chairman of the board of directors considers the proposals are unclear and vague and the relevant materials are insufficient, he/she may require the proposer to modify the proposal or provide supplementary materials.</u></p>	<p>A written request for convening an extraordinary board meeting under these Rules with signature (seal) of the proposer shall be submitted to the secretary to the board of directors. The written request shall contain the following:</p> <p>(1) name of the proposer;</p> <p>(2) reasons for the proposal or objective causes based upon;</p> <p>(3) specific and detailed proposals, matters to be considered by the board of directors and appendix materials;</p> <p>(4) contacts of the proposer, date of request and etc.</p>

LETTER FROM THE BOARD

Article	Original	Revised
Article 19	<p>A request may be made to the board of directors by the following entities and persons:</p> <p>(1) the chairman of the board of directors;</p> <p>(2) more than one-third of the directors;</p> <p>(3) more than half of the independent directors;</p> <p>(4) the board of supervisors;</p> <p><u>(5) the special committees of the board of directors;</u></p> <p><u>(6) the president;</u></p> <p><u>(7) shareholders individually or jointly holding more than one tenth of the total number of shares carrying voting rights.</u></p>	<p>A request may be made to the board of directors by the following entities and persons:</p> <p>(1) the chairman of the board of directors;</p> <p><u>(2) shareholders individually or jointly holding one tenth of the total number of shares carrying voting rights;</u></p> <p>(3) more than one-third of the directors;</p> <p>(4) more than half of the independent directors;</p> <p><u>(5) the special committees of the board of directors;</u></p> <p><u>(6) the president;</u></p> <p>(7) the board of supervisors.</p>
Original Article 20	<p><u>Prior to at least 10 days from the issue of notice convening the regular board meeting, the secretary to the board of directors shall solicit proposals from the entitled proposer and submit to the chairman of the board of directors and the chairman of the board of directors shall determine whether or not to include such in the agenda. The deadline for soliciting the proposals is three days prior to the date of issue of the notice convening the meeting. Upon the issue of the notice convening the regular board meeting, the new proposal made by the entitled proposer to the board of directors shall be served to the secretary to the board of directors within five days prior to the date of the board meeting.</u></p>	<u>Deleted</u>

LETTER FROM THE BOARD

Article	Original	Revised
	<p><u>Upon the issue of the notice convening the extraordinary board meeting, the new proposal made by the entitled proposer to the board of directors shall be served to the secretary to the board of directors within three days prior to the date of the board meeting.</u></p> <p><u>The chairman of the board of directors shall determine whether or not to include the new proposal in the agenda. If the chairman of the board of directors has not included the new proposal in the agenda to be considered by the board of directors, the chairman of the board of directors (or the authorised secretary to the board of directors) shall state the reasons to the proposer. Where the proposer disagrees with the decision, it shall be put to vote by hand and passed by by more than half of the directors to include the same in the agenda.</u></p> <p><u>Emergency proposals not submitted to the board of directors in accordance with the above provisions shall obtain unanimous consent from all directors to be included in the agenda to be considered by the board of directors.</u></p>	

LETTER FROM THE BOARD

Article	Original	Revised
Original Article 21	<p>When convening regular and extraordinary board meetings, the notices of such meetings shall be served to all directors, supervisors and the president by the secretary to the board of directors in writing within 14 days and five days prior to the dates of convening of such meetings respectively.</p> <p>Where an extraordinary board meeting is required to be convened in case of emergency, such notice may be waived from the time and content requirement under these Rules and the notice convening the meeting may be issued at any time by email followed by phone notification, provided that an explanation shall be made at the meeting by the convener. For the avoidance of doubt, the notice of the extraordinary board meeting under emergency conditions shall be in compliance with the matters set out in clauses (1), (2), (4) and (5) under Article 22 of these Rules and contain reasonable and necessary information such as reason and resolutions of the relevant meeting.</p>	<p>When convening regular and extraordinary board meetings, the notices of such meetings shall be served to all directors, supervisors and the president by the secretary to the board of directors in writing within 14 days and five days prior to the dates of convening of such meetings respectively.</p> <p>Where an extraordinary board meeting is required to be convened in case of emergency, such notice may be waived from the time and content requirement under these Rules and the notice convening the meeting may be issued at any time by email followed by phone notification, provided that an explanation shall be made at the meeting by the convener. For the avoidance of doubt, the notice of the extraordinary board meeting under emergency conditions shall be in compliance with the matters set out in clauses (1), (2), (4) and (5) under Article 21 of these Rules and contain reasonable and necessary information such as reason and resolutions of the relevant meeting.</p>

LETTER FROM THE BOARD

Article	Original	Revised
Original Article 23	<p>The notice convening the meeting and the meeting documents of the board of directors of the Company shall be <u>served in the following manner:</u></p> <p><u>(1) by way of personal delivery;</u> <u>(2) by way of mail or email;</u> <u>(3) by way of facsimile;</u> <u>(4) in other manner as stipulated by the Articles of Association.</u></p> <p>If the notice of meeting and the meeting documents of the board of directors are <u>delivered in person, the recipient or its authorised recipient shall sign (or affix a seal) on the reply slip of receipt. The notice shall be deemed to be served on the date of signing by the recipient or its authorised recipient. If the same are delivered by mail, it shall be deemed to be served on the third day after the notice is deposited at the post office.</u> If the same are delivered by email, it shall be deemed to be served on the date of sending the email. If the same are delivered by facsimile, it shall be deemed to be served on the date when the facsimile report printed by the facsimile machines shows that the facsimile is successfully sent.</p>	<p>The notice convening the meeting and the meeting documents of the board of directors of the Company shall be served by way of <u>email or facsimile, as supplemented by delivery by personal delivery, mail</u> or in other manner as stipulated by the Articles of Association.</p> <p>If the notice of meeting and the meeting documents of the board of directors are delivered by email, it shall be deemed to be served on the date of sending the email. If the same are delivered by facsimile, it shall be deemed to be served on the date when the facsimile report printed by the facsimile machines shows that the facsimile is successfully sent.</p>

LETTER FROM THE BOARD

Article	Original	Revised
Original Article 24	Directors and other attending and non-voting members of the board of directors shall request for filing of their contact address and means of contact in accordance with the requirements of the office of the board of directors. Any change of particulars shall be notified by <u>such persons</u> to the office of the board of directors <u>within three days from the date of change</u> . Failure to notify such changes in a timely manner, delivery of the notice of meeting and meeting documents according to the <u>contact address and/or</u> means of contact filed with the Company shall be deemed to have served by the Company according to the procedures stated under these Rules.	Directors and supervisors shall request for filing of their <u>correspondence</u> in accordance with the requirements of the office of the board of directors. Any change of <u>correspondence</u> shall be notified to the office of the board of directors <u>in a timely manner</u> . Failure to notify such changes in a timely manner, delivery of the notice of meeting and meeting documents according to the <u>correspondence</u> filed with the Company shall be deemed to have served by the Company according to the procedures stated under these Rules.
Original Article 26	Change of Notice of Meeting If it is necessary to change the time, venue, form of meeting or to add, change, withdraw any proposal after the issue of notice of <u>regular meeting</u> of the board of directors, a written notice of the changes shall be issued three days prior to the original date of the meeting providing details of the changes and materials relating to the <u>meeting proposals (if relevant)</u> . If the notice of changes cannot be sent out three days prior to the original date of the meeting, the meeting shall be postponed accordingly or be held on the original date if so unanimously approved by all directors in advance.	Change of Notice of Meeting If it is necessary to change the time, venue, form of meeting or to add, change, withdraw any proposal after the issue of notice of board meeting, a written notice of the changes shall be issued three days prior to the original date of the meeting providing details of the changes and related materials. If the notice of changes cannot be sent out three days prior to the original date of the meeting, the meeting shall be postponed accordingly or be held on the original date if so unanimously approved by all directors in advance.

LETTER FROM THE BOARD

Article	Original	Revised
	<p><u>If it is necessary to change the time, venue, form of meeting or to add, change, withdraw any proposal after the issue of notice of extraordinary meeting of the board of directors, a written notice of the changes shall be issued two days prior to the original date of the meeting providing details of the changes and related materials. If the written notice of changes cannot be sent out two days prior to the original date of the meeting, unanimous approval shall be obtained by all directors.</u></p>	
<p>Original Article 27</p>	<p>Directors shall attend a board meeting in person. If they are not able to attend the meeting due to certain reasons, they may authorise other directors in writing to attend the meeting on their behalf.</p>	<p>Directors shall attend a board meeting in person. If they are not able to attend the meeting due to certain reasons, they may authorise other directors in writing to attend the meeting on their behalf. <u>Directors who participate in the board meeting by telecommunication including teleconference or videoconference shall be deemed to have attended such board meeting in person.</u></p>

LETTER FROM THE BOARD

Article	Original	Revised
Original Article 28	<p>The power of attorney shall include the name of the director present at the meeting (i.e. director as proxy), entrusted matters and scope, <u>brief comments</u> of the appointing director on each proposal <u>and instruction</u> on voting, valid term of the power of attorney and the signature <u>or seal</u> of the appointing director.</p> <p>If a director wishes to appoint another director to sign on his/her behalf the written confirmation of any regular report, he/she shall specify such authorisation in the power of attorney. <u>The director attending the meeting on behalf of another director (i.e. director as proxy)</u> shall exercise his/her power within the scope of authorisation. Unless the director as proxy states his/her consent to delegate authority in the power of attorney, the director as proxy shall not delegate other directors the authority in respect of the matters entrusted to him/her. If a director does not attend the board meeting in person and does not authorise other directors to attend the meeting, he/she shall be deemed to have waived the voting rights in the meeting.</p> <p>The director as proxy shall submit the power of attorney to the secretary to the board of directors and state his/her entrusted attendance on the attendance sheet of the meeting.</p>	<p>The power of attorney shall include the name of the director present at the meeting (<u>hereafter referred to as the “director as proxy”</u>), entrusted matters and scope, instruction on voting of the appointing director on each proposal, valid term of the power of attorney and the respective signature of the appointing <u>director and director as proxy</u>.</p> <p>If a director wishes to appoint another director to sign on his/her behalf the written confirmation of any regular report, he/she shall specify such authorisation in the power of attorney. The director as proxy shall exercise his/her power within the scope of authorisation. Unless the director as proxy states his/her consent to delegate authority in the power of attorney, the director as proxy shall not delegate other directors the authority in respect of the matters entrusted to him/her. If a director does not attend the board meeting in person and does not authorise other directors to attend the meeting, he/she shall be deemed to have waived the voting rights in the meeting.</p> <p>The director as proxy shall submit the power of attorney to the secretary to the board of directors and state his/her entrusted attendance on the attendance sheet of the meeting.</p>

LETTER FROM THE BOARD

Article	Original	Revised
Original Article 29	<p>The appointment of proxy for a board meeting shall comply with the following:</p> <p>(1) If connected transactions are to be considered, a director who has interest in the transactions shall not appoint or be appointed by another director as proxy to attend the meeting on his behalf;</p> <p>(2) A director shall not appoint another director to attend a board meeting without stating his/her personal opinions and voting option and the other director shall not accept such appointment and grant unclearly defined authorisation;</p> <p>(3) A director shall not accept appointments by more than two directors. <u>A director shall not appoint another director who has been appointed by two other directors to attend a board meeting;</u></p> <p>(4) An independent director shall not appoint a non-independent director and shall not accept the appointment by a non-independent director to attend a board meeting on his behalf.</p>	<p>The appointment of proxy for a board meeting shall comply with the following:</p> <p>(1) If connected transactions are to be considered, a director who has interest in the transactions shall not appoint or be appointed by another director as proxy to attend the meeting on his behalf;</p> <p>(2) The director as proxy shall not appoint another director to attend a board meeting without stating his/her voting option and the director as proxy shall not accept such appointment and grant unclearly defined authorisation;</p> <p>(3) A director shall not accept appointments by more than two directors;</p> <p>(4) An independent director shall not appoint a non-independent director and shall not accept the appointment by a non-independent director to attend a board meeting on his behalf.</p>

LETTER FROM THE BOARD

Article	Original	Revised
Original Article 30	<p>The board meeting has an attendance system. Directors attending the meeting shall sign (where another director attends the meeting on his/her behalf, the director <u>attending on behalf</u> of the director appointing him/her <u>shall sign</u>) the attendance sheet in person instead of others. <u>Directors who have not signed the attendance sheet of the meeting are deemed to be absent from the meeting and have waived the voting rights regarding the matters to be considered at the meeting.</u> The attendance sheet and other meeting materials shall be kept together.</p>	<p>The board meeting has an attendance system. Directors attending the meeting shall sign (where the director <u>appoints</u> another director to attend the meeting on his/her behalf, the director as proxy shall <u>sign</u>) the attendance sheet in person instead of others. The attendance sheet and other meeting materials shall be kept together.</p>
Original Article 31	<p>The board meeting shall be held on-site in principle. If necessary, under the premise of safeguarding full expression of opinions of the directors, the meeting may also be held <u>by way of telecommunication such as teleconference and video conference</u> or by way of written resolutions upon the consent of the convener, <u>whose consent shall not be refused unreasonably.</u> <u>However, the number of meetings held by way of telecommunication such as teleconference or video conference shall be minimised.</u></p>	<p>The board meeting shall be held on-site in principle. If necessary, under the premise of safeguarding full expression of opinions of the directors, the <u>extraordinary board meeting</u> may also be held by way of written resolutions upon the consent of the convener.</p>

LETTER FROM THE BOARD

Article	Original	Revised
	<p>If a board meeting is held by teleconference or videoconference, it shall be ensured that the attending directors can hear clearly from other directors, and communicate with each other. If an extraordinary board meeting is held by teleconference or videoconference, voice or video recording shall be made and such voice or video recordings of the meetings shall be kept permanently. Where the resolutions are passed on a poll by telecommunication such as teleconference or videoconference or by circulation of written proposal, the directors shall duly complete the board meeting documents including the voting papers and executed resolutions and deliver the same by facsimile within the time specified in the notice of meeting to the office of the board of directors. Where the directors fail to deliver the aforesaid documents to the office of the board of directors within the time specified in the notice of meeting and such documents remain undelivered within two days from the issue of the reminder by the office of the board of directors in writing, such directors shall be treated as abstention from voting on the matters to be considered at the meeting.</p>	<p>If a board meeting is participated by telecommunication including teleconference or videoconference, it shall be ensured that the attending directors can hear clearly, and communicate with each other. <u>The verbal voting instructions made by the directors at the meeting shall be consistent with the executed written report after the meeting is concluded. In case of inconsistencies between the executed written report and the verbal voting instructions, the verbal voting instructions shall prevail. If some directors participate in</u> the board meeting by telecommunication including teleconference or videoconference, voice or video recording shall be made and such voice or video recordings of the meetings shall be kept permanently.</p> <p>Where the resolutions are passed on a poll by circulation of written proposal, the directors shall duly complete the board meeting documents including the voting papers and executed resolutions and deliver the same by email or facsimile within the time specified in the notice of meeting to the office of the board of directors. Where the directors fail to deliver the aforesaid documents to the office of the board of directors within the time specified in the notice of meeting and such documents remain undelivered within two days from the issue of the reminder by the office of the board of directors in writing, such directors shall be treated as abstention from voting on the matters to be considered at the meeting.</p>

LETTER FROM THE BOARD

Article	Original	Revised
	<p><u>For meetings held by teleconference or videoconference, the verbal voting instructions of the directors based on the voice or video recordings of such board meeting shall prevail. The verbal voting instructions made by the directors at the meeting held by teleconference or videoconference shall be consistent with the executed written report after the meeting is concluded. In case of inconsistencies between the executed written report and the verbal voting instructions, the verbal voting instructions shall prevail.</u></p>	

LETTER FROM THE BOARD

Article	Original	Revised
<p>Original Article 39</p>	<p>Voting</p> <p>Voting of the board meeting shall be made on a poll where each person shall have one vote. Where there are an equal number of votes for and against a particular resolution, the chairman of the board of directors shall be entitled to have a casting vote. The resolutions shall be voted by poll unless otherwise required by these Rules.</p> <p>The voting options of directors include: for, against, or abstain. Ballot papers that are left in blank, unduly completed, simultaneously filled with more than two options or illegible or that have not been used are deemed as abstained from voting by the voters, and the voting results corresponding to the shares in their possession shall be treated as “Abstain”.</p> <p>For meetings held on-site, the directors present at the meeting shall vote on the proposals within reasonable timeframe confirmed by the convener of the meeting. Failure to submit their vote within reasonable timeframe shall be treated as “Abstain”.</p> <p>For meetings held by way of communication, it shall be dealt with according to the Article 31 of these Rules.</p>	<p>Voting</p> <p>Voting of the board meeting shall be made on a poll where each person shall have one vote. Where there are an equal number of votes for and against a particular resolution, the chairman of the board of directors shall be entitled to have a casting vote. The resolutions shall be voted by poll unless otherwise required by these Rules.</p> <p>The voting options of directors include: for, against, or abstain. Ballot papers that are left in blank, unduly completed, simultaneously filled with more than two options or illegible or that have not been used are deemed as abstained from voting by the voters, and the voting results corresponding to the shares in their possession shall be treated as “Abstain”.</p> <p>For meetings held on-site, the directors present at the meeting shall vote on the proposals within reasonable timeframe confirmed by the convener of the meeting. Failure to submit their vote within reasonable timeframe shall be treated as “Abstain”.</p> <p>For meetings participated by telecommunication, it shall be dealt with according to the Article 30 of these Rules.</p>

LETTER FROM THE BOARD

Article	Original	Revised
Original Article 43	<p>Statistics of Voting Results</p> <p>For meetings held on-site, prior to convening the board meeting, the presider shall designate one vote counter and one scrutineer. The presider of the meeting shall announce the voting results on-site. For meetings held by way of <u>communication</u>, valid votes made by facsimile or email which are actually received within the period provided in the notice of meeting and within two days from the written reminder issued by the office of the board of directors under Article 31 of these Rules shall prevail and the statistics of the voting results shall be executed in accordance with Article 39 above.</p> <p>Directors voting after the announcement of voting results by the presider or the end of the required voting period shall not be counted.</p>	<p>Statistics of Voting Results</p> <p>For meetings held on-site, prior to convening the board meeting, the presider shall designate one vote counter and one scrutineer. The presider of the meeting shall announce the voting results on-site. For meetings held by <u>circulation of written proposal on a poll and resolutions are passed</u>, valid votes made by facsimile or email which are actually received within the period provided in the notice of meeting and within two days from the written reminder issued by the office of the board of directors under Article 30 of these Rules shall prevail and the statistics of the voting results shall be executed in accordance with Article 38 above.</p> <p>Directors voting after the announcement of voting results by the presider or the end of the required voting period shall not be counted.</p>
Original Article 48	<p>The attending directors shall sign the resolutions of the meeting in person or on behalf of the directors appointing them to attend the meeting within reasonable timeframe confirmed by the presider, <u>or else their votes shall be void and treated as “Abstain”.</u></p>	<p>The attending directors shall sign the resolutions of the meeting in person or on behalf of the directors appointing them to attend the meeting within reasonable timeframe confirmed by the presider.</p>

LETTER FROM THE BOARD

Article	Original	Revised
<p>Original Article 50</p>	<p>Minutes</p> <p><u>Minutes</u> of the board meeting represent the official evidence of the matters considered by the board of directors. The matters considered by <u>the board meeting</u> shall be recorded in details as minutes. The minutes of the board meeting shall include the following details:</p> <p>(1) session of the meeting, date and time, venue and form of meeting;</p> <p>(2) name of convener and presider, name of attending and non-voting attendees and matters relating to proxy;</p> <p>(3) agenda of the meeting and resolutions proposed;</p> <p>(4) summary of the speech of directors;</p> <p>(5) method and results of voting on each resolution (number of votes in favour of, against and abstention shall be stated);</p> <p>(6) name of vote counter and scrutineer;</p> <p>(7) other matters considered necessary by the attending directors;</p> <p>(8) name of recorder.</p>	<p>Minutes</p> <p>The board of directors shall take minutes of the decisions made regarding the matters to be considered at the meeting held on-site. The minutes of the board meeting shall include the following details:</p> <p>(1) session of the meeting, date and time, venue and form of meeting;</p> <p>(2) name of convener and presider, name of attending and non-voting attendees and matters relating to proxy;</p> <p>(3) agenda of the meeting and resolutions proposed;</p> <p>(4) summary of the speech of directors;</p> <p>(5) method and results of voting on each resolution (number of votes in favour of, against and abstention shall be stated);</p> <p>(6) name of vote counter and scrutineer;</p> <p>(7) other matters considered necessary by the attending directors;</p> <p>(8) name of recorder.</p>

LETTER FROM THE BOARD

Article	Original	Revised
Original Article 53	Resolutions made by the board of directors shall be announced by the secretary to the board of directors pursuant to the Listing Rules. Before announcement of the resolutions, <u>the attending directors, non-voting attendees, other attendants, recorder and service</u> staff shall fulfil the confidentiality obligation regarding the details of the resolutions.	Resolutions made by the board of directors shall be announced by the secretary to the board of directors pursuant to the Listing Rules. Before announcement of the resolutions, <u>all attendees</u> shall fulfil the confidentiality obligation regarding the details of the resolutions.
Original Article 54	Meeting Archives Archives of board meetings including notices of meeting and meeting proposals, attendance sheet, powers of attorney of directors, voting papers, voting statistics, meeting minutes and meeting resolutions signed by the attending directors shall be kept by the secretary to the board of directors. Archives of board meetings as important archives of the Company shall be kept by the secretary to the board of directors for at least 10 years.	Meeting Archives Archives of board meetings shall include: notices of meeting and meeting proposals, attendance sheet, powers of attorney of directors, voting papers, voting statistics, meeting minutes and resolutions signed by the attending directors. <u>Meeting archives</u> shall be kept by the secretary to the board of directors. Archives of board meetings as important archives of the Company shall be kept by the secretary to the board of directors for at least 10 years.
Original Article 56	<u>The proposals of the board of directors, upon passing as resolutions or being approved by the general meeting, shall be implemented by relevant personnel or departments as supervised by the secretary to the board of directors.</u>	<u>Deleted</u>

LETTER FROM THE BOARD

Article	Original	Revised
Original Article 57	<u>The secretary to the board of directors shall report to the board of directors on a regular basis the implementation of the resolutions, and shall convey the opinions of the board of directors to relevant directors, supervisors and senior management. Directors have the right to enquire the parties regarding the implementation of previous resolutions of the board of directors.</u>	Deleted
Original Article 59	For the purpose of these Rules, the terms “not less than”, “within”, “including” and “by” shall include the number itself, while the terms “less than”, “over” and “more than” shall not include the number itself or the prevailing date.	For the purpose of these Rules, the terms “not less than”, “within”, “including” and “by” shall include the number itself, while the terms “less than”, “over” and “more than” shall not include the number itself.

LETTER FROM THE BOARD

11. AMENDMENTS TO RULES OF PROCEDURES FOR THE SHAREHOLDERS’ GENERAL MEETINGS

Amendments to the Rules of Procedure of the General Meeting of BAIC Motor Corporation Limited

Article	Original	Revised
Article 26	Where the shareholder appoints a representative to attend the meeting, he shall exercise the power of a shareholder within the scope of authorisation. Unless the shareholder states his/her consent to delegate authority in the power of attorney, the representative shall not delegate others the authority in respect of the matters entrusted to him/her. If a shareholder does not attend the general meeting in person and does not authorise any representatives to attend the meeting, he/she shall be deemed to have waived the voting rights in the meeting.	Where the shareholder appoints a representative to attend the meeting, the representative shall exercise the power of a shareholder within the scope of authorisation. Unless the shareholder states his/her consent to delegate authority in the power of attorney, the representative shall not delegate others the authority in respect of the matters entrusted to him/her. If a shareholder does not attend the general meeting in person and does not authorise any representatives to attend the meeting, he/she shall be deemed to have waived the voting rights in the meeting.
Article 27	The entrusted shareholder shall submit the power of attorney to the secretary to the board of directors and state his/her entrusted attendance on the attendance sheet of the meeting. The power of attorney and other authorisation document shall be placed at the domicile of the Company or at such other place as specified in the notice of the meeting.	The proxy shall submit the power of attorney to the secretary to the board of directors and state his/her entrusted attendance on the attendance sheet of the meeting. The power of attorney and other authorisation document shall be placed at the domicile of the Company or at such other place as specified in the notice of the meeting.
Original Article 34	<u>The Company shall, on the premise of ensuring the lawfulness and validity of the general meeting, enable the shareholders to attend general meetings by various means.</u>	<u>Deleted</u>

LETTER FROM THE BOARD

Article	Original	Revised
Original Article 40	<p>A shareholder shall exercise his/her voting rights according to the number of voting shares which he/she represents. Each share shall carry one vote. The shares of the Company held by itself shall have no voting rights, and shall be excluded from the total number of voting shares at general meeting. When a connected transaction is being considered at a general meeting, the connected shareholders shall abstain from voting and the number of voting shares represented by them shall be excluded from the total number of effective votes according to the listing rules of the stock exchange(s) on which the shares of the Company are listed. Where any shareholder is required to abstain from voting on any particular resolution or restricted to vote only for or only against any particular resolution according the applicable laws and regulations and the listing rules of the stock exchange(s) on which the shares of the Company are listed, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.</p> <p>The board of directors and qualified shareholders have the right to solicit voting rights from shareholders.</p>	<p>A shareholder shall exercise his/her voting rights according to the number of voting shares which he/she represents. Each share shall carry one vote. The shares of the Company held by itself shall have no voting rights, and shall be excluded from the total number of voting shares at general meeting. When a connected transaction is being considered at a general meeting, the connected shareholders shall abstain from voting and the number of voting shares represented by them shall be excluded from the total number of effective votes according to the listing rules of the stock exchange(s) on which the shares of the Company are listed. Where any shareholder is required to abstain from voting on any particular resolution or restricted to vote only for or only against any particular resolution according the applicable laws and regulations and the listing rules of the stock exchange(s) <u>in the place where</u> the shares of the Company are listed, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.</p> <p>The board of directors and qualified shareholders have the right to solicit voting rights from shareholders.</p>

LETTER FROM THE BOARD

Article	Original	Revised
Original Article 47	<p>The voting options of shareholders include: for, against, or abstain.</p> <p><u>Shareholders present at the general meeting or their proxies shall select one of the above options.</u> Ballot papers that are left in blank, unduly completed, <u>simultaneously filled with more than two options</u> or illegible or that have not been used are deemed as abstained from voting by the voters, and the voting results corresponding to the shares in their possession shall be treated as “Abstain”.</p> <p>Shareholders present at the general meeting or their proxies shall vote on the proposals within reasonable timeframe confirmed by the convener of the meeting. Failure to submit their vote within reasonable timeframe shall be treated as “Abstain”.</p>	<p>The voting options of shareholders include: for, against, or abstain.</p> <p>Ballot papers that are left in blank, unduly completed or illegible or that have not been used are deemed as abstained from voting by the voters, and the voting results corresponding to the shares in their possession shall be treated as “Abstain”.</p> <p>Shareholders present at the general meeting or their proxies shall vote on the proposals within reasonable timeframe confirmed by the convener of the meeting. Failure to submit their vote within reasonable timeframe shall be treated as “Abstain”.</p>

LETTER FROM THE BOARD

Article	Original	Revised
Original Article 52	<p>The following resolutions shall be adopted as ordinary resolutions at a general meeting:</p> <p>(1) working reports of the board of directors and board of supervisors;</p> <p>(2) profit distribution proposals and plans for making up losses formulated by the board of directors;</p> <p>(3) election and dismissal of directors and shareholder representative supervisors, and their remuneration and payment method;</p> <p>(4) corporate policy and investment plans of the Company;</p> <p>(5) annual financial budgets, final accounts, balance sheets, profit and loss accounts and other financial statements of the Company;</p> <p>(6) other matters unless otherwise required to be adopted as special resolutions in accordance with the applicable laws, administrative regulations, listing rules of the stock exchange on which the shares of the Company are listed or the Articles of Association.</p>	<p>The following resolutions shall be adopted as ordinary resolutions at a general meeting:</p> <p>(1) working reports of the board of directors and board of supervisors;</p> <p>(2) profit distribution proposals and plans for making up losses formulated by the board of directors;</p> <p>(3) election and dismissal of directors and non-employee representative supervisors, and their remuneration and payment method;</p> <p>(4) corporate policy and investment plans of the Company;</p> <p>(5) annual financial budgets, final accounts, balance sheets, profit and loss accounts and other financial statements of the Company;</p> <p>(6) other matters unless otherwise required to be adopted as special resolutions in accordance with the applicable laws, administrative regulations, listing rules of the stock exchange on which the shares of the Company are listed or the Articles of Association.</p>

LETTER FROM THE BOARD

Article	Original	Revised
Original Article 56	<p>Signature of the resolution of the general meeting The resolutions proposed at the general meeting shall be recorded in writing. The resolution of the general meeting shall generally include the following:</p> <p>(1) the date, venue and means for the convention of meeting and name of person summoning the meeting;</p> <p>(2) the number of shareholders attending the meeting and their respective shareholdings;</p> <p>(3) the explanation on the relevant procedures of the meeting and the lawfulness and validity of the resolutions of the meeting;</p> <p>(4) the explanation on the details of the proposals considered and put to vote at the meeting and the voting results;</p> <p>(5) other matters that should be explained and recorded in the resolutions.</p>	<p>Resolution of the general meeting The resolutions proposed at the general meeting shall be recorded in writing. The resolution of the general meeting shall generally include the following:</p> <p>(1) the date, venue and means for the convention of meeting and name of person summoning the meeting;</p> <p>(2) the number of shareholders attending the meeting and their respective shareholdings;</p> <p>(3) the explanation on the relevant procedures of the meeting and the lawfulness and validity of the resolutions of the meeting;</p> <p>(4) the explanation on the details of the proposals considered and put to vote at the meeting and the voting results;</p> <p>(5) other matters that should be explained and recorded in the resolutions.</p>

LETTER FROM THE BOARD

Article	Original	Revised
Original Article 63	<p>Rights conferred to any class of shareholders may not be varied or abrogated unless approved by a special resolution at the general meeting and by shareholders of the affected class at a separate meeting conducted in accordance with Articles 64 to 69.</p> <p>Any change or abolition of any rights of holders of class shares resulted from a change of domestic or overseas laws, administrative regulations and the listing rules of the stock exchange(s) where the shares of the Company are listed and as a result of any decisions legally announced by domestic or overseas regulatory authorities shall not be subject to approvals of general meeting or meeting of holders of class shares.</p>	<p>Article 62 Rights conferred to any class of shareholders may not be varied or abrogated unless approved by a special resolution at the general meeting and by shareholders of the affected class at a separate meeting conducted in accordance with Articles 63 to 68.</p> <p>Any change or abolition of any rights of holders of class shares resulted from a change of domestic or overseas laws, administrative regulations and the listing rules of the stock exchange(s) where the shares of the Company are listed and as a result of any decisions legally announced by domestic or overseas regulatory authorities shall not be subject to approvals of general meeting or meeting of holders of class shares.</p>

LETTER FROM THE BOARD

Article	Original	Revised
Original Article 65	<p>Shareholders of the affected class, whether or not having the right to vote at general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning paragraphs (2) to (8), (11) and (12) of Article 64, but interested shareholder(s) shall not be entitled to vote at class meetings.</p> <p>The interested shareholders referred to in the preceding paragraph have the following meanings:</p> <p>(1) In the case of a repurchase of its own shares by the Company by making offers to all shareholders on a same pro rata basis or through public dealing on a stock exchange in accordance with the Articles of Association, “interested shareholder” shall refer to the controlling shareholder as defined in the Articles of Association;</p> <p>(2) In the case of a repurchase of its own shares by the Company through an off-market agreement in accordance with the provisions of the Articles of Association, “interested shareholder” shall refer to the shareholder to which the proposed agreement relates;</p> <p>(3) In the case of a restructuring of the Company, “interested shareholder” shall refer to a shareholder within a class who bears liabilities less than the proportion burden imposed on other shareholders of that class or who has interests different from those held by shareholders of the same class.</p>	<p>Shareholders of the affected class, whether or not having the right to vote at general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning paragraphs (2) to (8), (11) and (12) of Article 63, but interested shareholder(s) shall not be entitled to vote at class meetings.</p> <p>The interested shareholders referred to in the preceding paragraph have the following meanings:</p> <p>(1) In the case of a repurchase of its own shares by the Company by making offers to all shareholders on a same pro rata basis or through public dealing on a stock exchange in accordance with the Articles of Association, “interested shareholder” shall refer to the controlling shareholder as defined in the Articles of Association;</p> <p>(2) In the case of a repurchase of its own shares by the Company through an off-market agreement in accordance with the provisions of the Articles of Association, “interested shareholder” shall refer to the shareholder to which the proposed agreement relates;</p> <p>(3) In the case of a restructuring of the Company, “interested shareholder” shall refer to a shareholder within a class who bears liabilities less than the proportion burden imposed on other shareholders of that class or who has interests different from those held by shareholders of the same class.</p>

LETTER FROM THE BOARD

Article	Original	Revised
Original Article 74	For the purpose of these Rules, the terms “not less than”, “within”, “including” and “by” shall include the number itself, while the terms “lower than”, “less than”, “over” and “more than” shall not include the number itself <u>or the prevailing date.</u>	For the purpose of these Rules, the terms “not less than”, “within”, “including” and “by” shall include the number itself, while the terms “lower than”, “less than”, “over” and “more than” shall not include the number itself.
Original Article 75	The general meeting is conducted in Chinese language. All meeting documents are prepared in Chinese language. In case of any discrepancy between the Chinese version and versions in any other language, the Chinese version shall prevail.	The general meeting is conducted in Chinese language. All meeting documents are prepared in Chinese language. In case of any discrepancy between the Chinese version and versions in any other language, the Chinese version shall prevail. <u>If the listing rules of the stock exchange(s) in the place where the shares of the Company are listed have other provisions on the matters specified hereinabove, such provisions shall be complied with.</u>

SPECIAL RESOLUTIONS

12. AMENDMENTS TO THE ARTICLES OF ASSOCIATIONS OF THE COMPANY

The Board proposes to amend the Articles of Association by way of special resolution put forward on the general meeting to approve the amendment proposal of the Articles of Association. Such amendments will take effect on the date the resolution being passed at the general meeting and of the approval or filling by the Ministry of Commerce.

Amendments to the Articles of Association of BAIC Motor Corporation Limited

Article	Original	Revised
Article 4	Domicile of the Company: The fifth building, Block 25 Shuntong Road, Shunyi District, Beijing 101300, China Telephone: (010) 56636000 Fax: (010) 56635898	Domicile of the Company: The fifth building, Block 25 Shuntong Road, Shunyi District, Beijing 101300, China Telephone: (010) <u>56761958</u> Fax: (010) <u>56761958</u>

LETTER FROM THE BOARD

Article	Original	Revised
Article 86	<p>The following resolutions shall be adopted as ordinary resolutions at a general meeting:</p> <p>(1) working reports of the board of directors and board of supervisors;</p> <p>(2) profit distribution proposals and plans for making up losses formulated by the board of directors;</p> <p>(3) election and dismissal of directors and shareholder representative supervisors, and their remuneration and payment method;</p> <p>(4) corporate policy and investment plans of the Company;</p> <p>(5) annual financial budgets, final accounts, balance sheets, profit and loss accounts and other financial statements of the Company;</p> <p>(6) other matters unless otherwise required to be adopted as special resolutions in accordance with the applicable laws, administrative regulations, listing rules of the stock exchange on which the shares of the Company are listed or these Articles.</p>	<p>The following resolutions shall be adopted as ordinary resolutions at a general meeting:</p> <p>(1) working reports of the board of directors and board of supervisors;</p> <p>(2) profit distribution proposals and plans for making up losses formulated by the board of directors;</p> <p>(3) election and dismissal of directors and <u>non-employee representative</u> supervisors, and their remuneration and payment method;</p> <p>(4) corporate policy and investment plans of the Company;</p> <p>(5) annual financial budgets, final accounts, balance sheets, profit and loss accounts and other financial statements of the Company;</p> <p>(6) other matters unless otherwise required to be adopted as special resolutions in accordance with the applicable laws, administrative regulations, listing rules of the stock exchange on which the shares of the Company are listed or these Articles.</p>
Article 95	<p>The list of candidates for directors and shareholder representative supervisors shall be submitted to the general meeting for voting in form of a resolution.</p>	<p>The list of candidates for directors and <u>non-employee representative</u> supervisors shall be submitted to the general meeting for voting in form of a resolution.</p>

LETTER FROM THE BOARD

Article	Original	Revised
Article 129	<p>The chairman of the board of directors shall exercise the following powers:</p> <p>(1) to preside over general meetings and convene and preside over meetings of the board of directors;</p> <p>(2) to supervise and check on the implementation of the resolutions of the general meetings and the board of directors;</p> <p>(3) to sign the significant documents of the board of directors and other documents required to be signed by the legal representative of the Company;</p> <p>(4) to exercise certain powers of the board of directors in accordance with authorization of the board of directors during adjournment of the board meeting;</p> <p>(5) to sign the share certificates issued by the Company;</p> <p>(6) to organise the formulation of relevant systems and to coordinate the operation of the board of directors;</p> <p>(7) to exercise special powers of discretion and disposal regarding the Company's affairs in compliance with the laws and regulations and in the interests of the Company in the event of wars and emergency caused by force majeure such as natural disasters, and to report to the board of directors and general meetings after exercising such powers;</p>	<p>The chairman of the board of directors shall exercise the following powers:</p> <p>(1) to preside over general meetings and convene and preside over meetings of the board of directors;</p> <p>(2) to supervise and check on the implementation of the resolutions of the general meetings and the board of directors;</p> <p>(3) to sign the significant documents of the board of directors and other documents required to be signed by the legal representative of the Company;</p> <p>(4) to exercise certain powers of the board of directors in accordance with authorization of the board of directors during adjournment of the board meeting;</p> <p>(5) to sign the share certificates issued by the Company;</p> <p>(6) to organise the formulation of relevant systems and to coordinate the operation of the board of directors;</p> <p>(7) to exercise special powers of discretion and disposal regarding the Company's affairs in compliance with the laws and regulations and in the interests of the Company in the event of wars and emergency caused by force majeure such as natural disasters, and to report to the board of directors and general meetings after exercising such powers;</p>

LETTER FROM THE BOARD

Article	Original	Revised
	<p>(8) to receive the work reports of the president, other senior management of the Company and the persons-in-charge of the invested enterprises of the Company;</p> <p>(9) the board of directors authorises the chairman of the board of directors to decide on the following issues:</p> <ol style="list-style-type: none"> 1. any pledge of assets and investment with a transaction amount being more than 1% but less than 3% of the latest audited net assets of the Company; 2. any entrusted wealth management with a transaction amount being less than 3% of the latest audited net assets of the Company; 3. any bank loan with an amount within the credit limit approved by the board of directors and being more than 10% of the latest audited net assets; 4. any donation with a single amount being less than RMB3 million and the total amount within a year being less than RMB10 million, and the total amount to the same receiver in the same year being less than RMB3 million; 5. acquisition and disposal of significant assets within a year with an amount of more than RMB50 million but less than 3% of the latest audited net assets of the Company; 	<p>(8) to receive the work reports of the president, other senior management of the Company and the persons-in-charge of the invested enterprises of the Company;</p> <p>(9) the board of directors authorises the chairman of the board of directors to decide on the following issues:</p> <ol style="list-style-type: none"> 1. any pledge of assets <u>and investments</u> with a transaction amount being more than 1% but less than 3% of the latest audited net assets of the Company; 2. <u>any investment</u> with a transaction amount being less than 3% of the latest audited net assets of the Company; 3. any bank loan with an amount within the credit limit approved by the board of directors and being more than 10% of the latest audited net assets; 4. any donation with a single amount being less than RMB3 million and the total amount within a year being less than RMB10 million, and the total amount to the same receiver in the same year being less than RMB3 million; 5. acquisition and disposal of significant assets within a year with an amount of more than RMB50 million but less than 3% of the latest audited net assets of the Company.

LETTER FROM THE BOARD

Article	Original	Revised
	<p>(10) to approve resolutions or matters proposed by the president except those required to be approved by the board of directors or general meeting;</p> <p>(11) to exercise other functions and powers conferred by the law, regulations, Articles of Association or the board of directors. In respect of the functions and powers of the chairman authorised by the board of directors set out in clause (9) of this Article (except (i) matters related to annual operation plan, <u>annual investment plan or investment plan formally approved</u> by the <u>general meeting</u> or the board of directors or (ii) matter related to the daily operation of the Company or matters set out in items 3 and 4 of clause (9)), the chairman of the board of directors shall submit the resolutions for the consideration of the relevant special committee of the board of directors in accordance with these Articles and relevant procedure of special committee of the board of directors and shall make decision based on the audit opinion of such special committee of the board of directors. Chairman of the board of directors shall submit to the board of directors a report on the matters within the scope of authorisation delegated by the board of directors in a proper way.</p>	<p>(10) to approve resolutions or matters proposed by the president except those required to be approved by the board of directors or general meeting;</p> <p>(11) to exercise other functions and powers conferred by the law, regulations, Articles of Association or the board of directors. In respect of the functions and powers of the chairman authorised by the board of directors set out in clause (9) of this Article (except (i) matters related to annual operation plan or annual investment plan approved by the board of directors or (ii) matter related to the daily operation of the Company or matters set out in items 3 and 4 of clause (9)), the chairman of the board of directors shall submit the resolutions for the consideration of the relevant special committee of the board of directors in accordance with these Articles and relevant procedure of special committee of the board of directors and shall make decision based on the audit opinion of such special committee of the board of directors.</p> <p>Chairman of the board of directors shall submit to the board of directors a report on the matters within the scope of authorisation delegated by the board of directors in a proper way.</p>

LETTER FROM THE BOARD

Article	Original	Revised
Article 136	<p>Resolutions of the board meetings shall be voted by poll. The board meeting shall be held on-site in principle. If necessary, under the premise of safeguarding full expression of opinions of the directors, the meeting may also be held <u>by way of telecommunication such as teleconference and video conference</u> or by way of written resolutions upon the consent of the convener, <u>whose consent shall not be refused unreasonably.</u> <u>However, the number of meetings held by way of telecommunication such as teleconference or video conference shall be minimised.</u> <u>The specific requirement and way of voting of the meeting held by way of telecommunication or written resolution shall be in compliance with the procedures of meeting of the board of directors.</u></p> <p>If a substantial shareholder or a Director is deemed to have material conflict of interests in the matter to be considered by the Board of Directors, the matter shall be dealt with in a Board meeting rather than by a written resolution. Only the independent Directors who and whose associates have no material interest in the transaction shall be present at that Board meeting.</p>	<p>Resolutions of the board meetings shall be voted by poll. The board meeting shall be held on-site in principle. If necessary, under the premise of safeguarding full expression of opinions of the directors, the <u>extraordinary board meeting</u> may also be held by way of written resolutions upon the consent of the convener.</p> <p>If a substantial shareholder or a Director is deemed to have material conflict of interests in the matter to be considered by the Board of Directors, the matter shall be dealt with in a Board meeting rather than by a written resolution. Only the independent Directors who and whose associates have no material interest in the transaction shall be present at that Board meeting.</p>

LETTER FROM THE BOARD

Article	Original	Revised
Article 137	<p>Directors shall attend a board meeting in person. If they are not able to attend the meeting due to certain reasons, they may authorise other directors in writing to attend the meeting on their behalf. A letter of authorization shall indicate the scope of authorization. Directors participating in the <u>extraordinary</u> board meeting by way of telecommunication such as teleconference and video conference shall be deemed as attending <u>such meeting</u> in person.</p>	<p>Directors shall attend a board meeting in person. If they are not able to attend the meeting due to certain reasons, they may authorise other directors in writing to attend the meeting on their behalf. A letter of authorization shall indicate the scope of authorization. Directors participating in the board meeting by way of telecommunication such as teleconference and video conference shall be deemed as attending such meeting in person.</p>
Article 151	<p>The president shall be accountable to the board of directors and shall perform the following duties:</p> <p>(1) to be in charge of the production, operation and management of the Company and report to the board of directors;</p> <p>(2) to organise the implementation of resolutions of the board of directors, and annual business plans and investment plans of the Company;</p> <p>(3) to draft the plan for establishment of the internal management structure of the Company;</p> <p>(4) to draft the general management system of the Company;</p> <p>(5) to formulate the detailed rules and regulations of the Company;</p> <p>(6) to propose to the board of directors the appointment or dismissal of the vice presidents and chief financial officer of the Company;</p>	<p>The president shall be accountable to the board of directors and shall perform the following duties:</p> <p>(1) to be in charge of the production, operation and management of the Company and report to the board of directors;</p> <p>(2) to organise the implementation of resolutions of the board of directors, and annual business plans and investment plans of the Company;</p> <p>(3) to draft the plan for establishment of the internal management structure of the Company;</p> <p>(4) to draft the general management system of the Company;</p> <p>(5) to formulate the detailed rules and regulations of the Company;</p> <p>(6) to propose to the board of directors the appointment or dismissal of the vice presidents and chief financial officer of the Company;</p>

LETTER FROM THE BOARD

Article	Original	Revised
	<p>(7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors;</p> <p>(8) to decide the following matters according to the authorization of the board of directors:</p> <p>i. pledge of assets with the amount of less than 1% of the latest audited net assets of the Company;</p> <p>ii. investments with the amount of less than 1% of the latest audited net assets as part of the annual investment plan of the Company;</p> <p>iii. bank loans with the amount of less than 10% of the latest audited net assets within the credit limit approved by the board of directors;</p> <p>iv. donations with the amount of less than RMB1 million each and RMB3 million in aggregate in a year and less than RMB1 million to a single recipient in a year;</p>	<p>(7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors;</p> <p>(8) to decide the following matters according to the authorization of the board of directors:</p> <p>i. pledge of assets with the amount of less than 1% of the latest audited net assets of the Company;</p> <p>ii. investments with the amount of less than 1% of the latest audited net assets of the Company and included in the annual investment plan of the Company; for investments with the amount of less than 1% of the latest audited net assets of the Company but not included in the annual investment plan of the Company, the president shall submit the resolutions for consideration of the strategic committee of the board of directors in accordance with the Articles of Association and the rules of procedure of the strategic committee of the board of directors and shall make decision based on the audit opinion of the strategic committee of the board of directors;</p> <p>iii. bank loans with the amount of less than 10% of the latest audited net assets within the credit limit approved by the board of directors;</p> <p>iv. donations with the amount of less than RMB1 million each and RMB3 million in aggregate in a year and less than RMB1 million to a single recipient in a year;</p>

LETTER FROM THE BOARD

Article	Original	Revised
	<p>v. acquisition and sales of material assets of less than RMB50 million in a year.</p> <p>(9) other duties conferred by these Articles or the board of directors. When performing duties within the scope of authorization by the board of directors as set out in item (8) above, any decisions by the President shall be approved by the president's office and reported to the board of directors.</p>	<p>v. acquisition and sales of material assets of less than RMB50 million in a year.</p> <p>(9) other duties conferred by these Articles or the board of directors. When performing duties within the scope of authorization by the board of directors as set out in item (8) above, any decisions by the President shall be approved by the president's office and reported to the board of directors.</p>

LETTER FROM THE BOARD

Article	Original	Revised
Article 157	<p>The board of supervisors shall comprise seven supervisors, including four non-employee representative supervisors and three employee representative supervisors. Non-employee representative supervisors shall be elected and removed at the general meeting, while employee representatives shall be elected by the employees of the Company through the meeting of employee representatives, meeting of employees or other forms of democratic election.</p> <p>The terms of office of supervisors shall be three years, renewable upon re-election.</p> <p>The board of supervisors shall have one chairman, the election and removal of whom shall be passed by at least two-thirds of the members of the board of supervisors. Where the chairman of the board of supervisors is incapable of performing or fails to perform his/her duties, a supervisor elected by more than half of the supervisors shall convene and preside over the meeting of the board of supervisors.</p>	<p>The board of supervisors shall comprise <u>nine</u> supervisors, including <u>six</u> non-employee representative supervisors and three employee representative supervisors. <u>Two out of six non-employee representative supervisors are independent directors.</u> Non-employee representative supervisors shall be elected and removed at the general meeting, while employee representatives shall be elected by the employees of the Company through the meeting of employee representatives, meeting of employees or other forms of democratic election.</p> <p>The terms of office of supervisors shall be three years, renewable upon re-election.</p> <p>The board of supervisors shall have one chairman, the election and removal of whom shall be passed by at least two-thirds of the members of the board of supervisors. Where the chairman of the board of supervisors is incapable of performing or fails to perform his/her duties, a supervisor elected by more than half of the supervisors shall convene and preside over the meeting of the board of supervisors.</p>

13. GENERAL MANDATES TO THE BOARD FOR THE ISSUANCE OF SHARES

To guarantee the flexibility and the rights to handle the issuance of new shares for the Board, the Company proposed to grant General Mandates to the Board to allot, issue and deal with the new Domestic Shares and H Shares which, each of them, shall not exceed 20% of the respective aggregate nominal amount of the domestic shares and H Shares in issue of the Company at the date of the passing of this resolution. As at the date of this circular, issued share capital of the Company comprises 5,494,647,500 Domestic Shares and 2,100,690,682 H Shares. Upon the passing of the resolution of General Mandates to issue Shares, and on the

LETTER FROM THE BOARD

basis that no further Shares are issued before the AGM, the Company may issue a maximum of 1,098,929,500 Domestic Shares and 420,138,136 H Shares. The General Mandates will be effective until the earliest of: (i) the conclusion of the next annual general meeting of the Company after the passing of the resolution thereof; (ii) the expiry date of 12 months from the passing of the resolution thereof; (iii) the date on which the mandates mentioned in the resolution thereof are revoked or amended by a special resolution in the general meeting of the Company. Under the General Mandates, any power exercised by the Board should be in compliance with the related requirements of the Listing Rules, the Articles of Association and the relevant PRC laws and regulations. The Board currently has no plans to issue new Shares according to the General Mandates.

POLL PROCEDURE

Pursuant to Rules 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, all the resolutions set out in the notice of the AGM shall be voted by poll. Votes may be given either personally or by proxy.

RECOMMENDATION

The Independent Board Committee, having taken into account the advice of Qilu International Capital, the Independent Financial Adviser, considers that the Continuing Connected Transactions II, the Revised 2015 and 2016 Annual Caps II and the Continuing Connected Transaction Agreements II are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to approve the Continuing Connected Transaction II, the Revised 2015 and 2016 Annual Caps and the Continuing Connected Transaction Agreements II at the AGM. The text of the letters from the Independent Board Committee is set out on pages 86 to 87 of this circular.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendix I to this circular.

THE AGM

A notice convening the AGM to be held at 9:30 a.m. on Monday, 29 June 2015 at Multi-purpose Hall, 1st Floor, the South Tower of Beijing Automotive Industry R&D Base, No.99 Shuanghe Road, Shunyi District, Beijing, the PRC is set out on pages 111 to 112 of this circular. A form of proxy for use at the AGM is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange and the Company.

Whether or not you propose to attend the AGM, you are requested to complete and return the enclosed form of proxy in accordance with the instruction printed thereon and return it to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited,

LETTER FROM THE BOARD

at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the AGM or any adjournment thereof if they so wish.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlements of the Shareholders to attend the AGM, the register of members of the Company will be closed from Saturday, 30 May 2015 to Monday, 29 June 2015 (both days inclusive), during which period no transfer of Shares of the Company will be effected. To be eligible to attend and vote at the AGM, all transfer documents must be lodged with the H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 28 May 2015.

In order to ascertain the entitlements of the Shareholders to receive the proposed final dividend, the register of members of the Company will be closed from Saturday, 4 July 2015 to Thursday, 9 July 2015 (both days inclusive), during which period no transfer of shares of the Company will be effected. To be eligible to receive the proposed final dividend, all transfer documents must be lodged with the H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 3 July 2015.

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

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE REGARDING
REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS**



**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)

15 May 2015

To the Independent Shareholders

Dear Sir or Madam,

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

We refer to the circular issued by the Company to Shareholders dated 12 May 2015 of which this letter forms part. Terms defined in the circular shall have the same meanings when used in this letter unless the context otherwise requires.

We have been appointed by the Board to advise the Independent Shareholders as to whether the Continuing Connected Transactions II, the Revised 2015 and 2016 Annual Caps II and the Continuing Connected Transaction Agreements II are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and is in the interests of the Company and the Shareholders as a whole.

Qilu International Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Continuing Connected Transactions II, the Revised 2015 and 2016 Annual Caps II and the Continuing Connected Transaction Agreements II are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The text of the letter of advice from Qilu International Capital containing their recommendations and the principal factors they have taken into account in arriving at their recommendations is set out from pages 88 to 105 of this circular.

Independent Shareholders are recommended to read the letter of advice from the Independent Financial Adviser, the letter from the Board contained in this circular as well as the additional information set out in the Appendix I to this circular.

* *For identification purpose only*

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE REGARDING
REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS**

Having considered the Continuing Connected Transactions II, the Revised 2015 and 2016 Annual Caps II and the Continuing Connected Transaction Agreements II, and the advice of Qilu International Capital, we are of the opinion that the Continuing Connected Transactions II, the Revised 2015 and 2016 Annual Caps II and the Continuing Connected Transaction Agreements II are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the AGM to approve the Continuing Connected Transactions II, Revised 2015 and 2016 Annual Caps II and the Continuing Connected Transaction Agreements II.

Yours faithfully,
For and on behalf of
Independent Board Committee

Mr. Fu Yuwu
Independent
non-executive Director

Mr. Wang Lung Tak Patrick
Independent
non-executive Director

Mr. Bao Robert Xiaochen
Independent
non-executive Director

Mr. Zhao Fuquan
Independent
non-executive Director

Mr. Liu Kaixiang
Independent
non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER REGARDING REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

The following is the full text of a letter from Qilu International Capital setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions, which has been prepared for the purpose of inclusion in the circular of the Company dated 15 May 2015 (the “Circular”).



*To the Independent Board Committee and
the Independent Shareholders of*

BAIC Motor Corporation Limited
5th Floor,
No. 99 Shuanghe Street,
Shunyi District,
Beijing, China

15 May 2015

Dear Sir or Madam,

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions contemplated under the Connected Transaction Agreements II and the relevant revised 2015 and 2016 annual caps (the “**Revised 2015 and 2016 Annual Caps**”), details of which are set out in the “Letter from the Board” contained in the circular of the Company dated 15 May 2015 (the “**Circular**”) and the announcement of the Company dated 22 March 2015, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

References are made to the connected transactions section of the prospectus of the Company dated 9 December 2014 (the “**Prospectus**”), the announcement on the continuous connected transactions of the Company dated 31 December 2014 (the “**Announcement**”) and the announcement on the revision of annual caps for continuing connected transactions of the Company dated 22 March 2015 in relation to, among other things, the continuing connected transactions between the Company and connected persons (as defined under the Listing Rules) in respect of, *inter alia*, the deposit services under the Financial Services Framework Agreement entered into by the Company and BAIC Group Finance Co., Ltd. (“**BAG Finance**”) on 2 December 2014, the product procurement under the Products and Services Purchasing

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER REGARDING REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

Framework Agreement and the provision of products and services under the Provision of Products and Services Framework Agreement entered into by the Company and Beijing Automotive Group Co., Ltd. (“**BAIC Group**”) on 2 December 2014 (collectively, the “**Continuing Connected Transactions**”). Details of the major terms of the agreements of the Continuing Connected Transactions shall be referred to the connected transaction section of the Prospectus and the Announcement.

As BAIC Group is the sole Controlling Shareholder of the Company and BAG Finance is 56% owned by BAIC Group and therefore is an Associate of BAIC Group, BAIC Group and BAG Finance are Connected Persons of the Company according to Chapter 14A of the Listing Rules. Therefore, the transactions between the Company and BAIC Group and BAG Finance constitute connected transactions of the Company. As the highest applicable ratios of the contemplated provision of financial services to the Company according to the Financial Services Framework Agreement and the contemplated provision of products to the Company according to the Products and Services Purchasing Framework Agreement and the contemplated provision of products by the Company according to the Provision of Products and Services Framework Agreement exceeds 5% as defined by the Listing Rules, the transactions shall be subject to the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.36 of the Listing Rules, BAIC Group and its associates, which have material interests in the Continuing Connected Transactions, will be required to abstain from voting at the AGM.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprised of all the independent non-executive Directors of the Company, has been established to advise the Independent Shareholders in relation to the Continuing Connected Transactions. As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our scope of work under this engagement is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether or not the Continuing Connected Transactions and the Revised 2015 and 2016 Annual Caps are on normal commercial terms, entered into in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (ii) whether or not the Continuing Connected Transactions and the Revised 2015 and 2016 Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. It is not within our scope of work to opine on any other aspects of the Continuing Connected Transactions. In addition, it is not within our terms of reference to comment on the commercial merits of the Continuing Connected Transactions which is the responsibility of the Directors.

As at the Latest Practicable Date, Qilu International Capital did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of Qilu International Capital. In the last two years, Qilu International Capital, other than this appointment as the independent financial adviser, has not acted as the independent financial adviser to the Independent Board Committee and Independent Shareholders of the Company. We are hence independent from the Company pursuant to Rule 13.84 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER REGARDING REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

BASIS OF OUR ADVICE

In formulating our opinion, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions, we have taken the following principal factors and reasons into consideration.

1. Background information of the Company, BAIC Group and BAG Finance and reasons for the revision of the annual caps for the Continuing Connected Transactions

The Company is a leading manufacturer of passenger vehicles in China. It 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. It offers a variety of passenger vehicle models, including mid-to large-size sedan, mid-size sedan, compact sedan, small-size sedan, sports utility vehicle (“SUV”), multi-purpose passenger vehicle (“MPV”) and cross-over utility vehicle (“CUV”) products to satisfy customer demands for different types of vehicles.

BAIC Group is a state-owned enterprise established on 30 June 1994 with a registered capital of approximately RMB4.55 billion. Its principal businesses include manufacturing, sale, import and export 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.

BAG Finance is a non-banking financial institution incorporated in November 2011 in the PRC with a registered capital of RMB1,500 million. BAG Finance is 56% owned by BAIC Group, 20% owned by BAIC Investment Co., Ltd., 14% owned by Beijing Foton Motor Co., Ltd. and 10% owned by Beijing Hainachuan Automotive Arts Co., Limited. It is subject to the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER REGARDING REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

Administrative measures on Financial Companies of Group Enterprises (《企業集團財務公司管理辦法》) and other relevant regulations promulgated by the PBOC and China Banking Regulatory Commission (“CBRC”). Its establishment was approved by the CBRC and its operation is subject to the ongoing supervision of the CBRC and the applicable regulations related to interest rates issued by the PBOC and CBRC.

As stated in the “Letter from the Board” contained in the Circular, the Board considers that the existing annual caps of the Continuing Connected Transactions are unable to satisfy the Company’s requirements for the year of 2015 and 2016, therefore it proposes that the existing annual caps in respect of the year of 2015 and 2016 be revised in order to cater for the Company’s demand for the year of 2015 and 2016. We note from the annual results announcements of the Company for the year ended 31 December 2014 dated 22 March 2015 (the “**2014 Results Announcement**”) that the Group expects sales of proprietary brands will continue to maintain rapid growth in 2015, and manufacturers of proprietary brand vehicles will continue to strengthen their sales of SUV products. Furthermore, the Group expects to launch a variety of brand new products into the market during 2015, including Senova D80, Senova X65, Senova X55, Senova C33, Senova CC, the new generation of GLK SUV, standard wheel-base type new C class sedan and GLA SUV. The Company will continue to promote structural adjustment from the three dimensions, namely, products, markets, and distributors (adjustment of products structure refers to increasing sales of SUV products quickly; markets structure adjustment refers to promoting the rapid expansion and penetration of sale channels; distributors structure adjustment refers to the realization of balanced regional development and the improvement of profitability). Having considered the above, we concur with the Directors’ view that the Continuing Connected Transactions (including the Revised 2015 and 2016 Annual Caps) are entered into in the ordinary and usual course of business of the Group and in line with the business strategy of the Group and therefore is in the interests of the Company and Shareholders as a whole.

2. Rationale for determining the Revised 2015 and 2016 Annual Caps

2.1 The Financial Services Framework Agreement

As set out in the Letter from the Board, the historical figures, the original approved annual caps and the new annual caps (the “**New Annual Caps**”) for the Financial Services Framework Agreement as follows:

Historical figures:

	For the year ended December 31,		
	2012	2013	2014
	(RMB	(RMB	(RMB
	million)	million)	million)
Highest daily deposits placed by the Group with BAG Finance (including interest income)	4,031.3	7,295.7	9,193.0

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER REGARDING
REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS**

Proposed annual caps:

	Change to the 2015 annual cap			Change to the 2016 annual cap		
	Originally approved 2015 annual cap	Newly applied 2015 annual cap	Additional cap applied for the 2015 annual cap	Originally approved 2016 annual cap	Newly applied 2016 annual cap	Additional cap applied for the 2016 annual cap
Highest daily deposit balance of deposits placed by the Group with BAG Finance (including interest income)	2,600.0	9,800.0	7,200.0	-	11,000.0	11,000.0
Highest daily interest balance	61.0	110.0	49.0	-	170.0	170.0

(i) Analysis of the fair and reasonableness of the terms of the Financial Services Framework Agreement and the Revised 2015 and 2016 Annual Caps.

As stated in the Letter from the Board, the New Annual Caps for deposits placed by the Group with BAG Finance (maximum daily balance and interest income) are determined with reference to: (i) historical and expected sales revenues from Beijing Motor; (ii) historical and expected sales revenues from Beijing Benz; (iii) historical maximum daily balance deposited with BAG Finance as a percentage of sales revenue from Beijing Motor; and (iv) historical maximum daily balance deposited with BAG Finance as a percentage of sales revenue from Beijing Benz. According to the matching financial services required for the rapid expansion of the business of the Company, the Company predicts its highest daily deposit amount and corresponding daily interest balance with BAG Finance will increase in 2015 and 2016.

As set out in the table above, the historical maximum daily balance of deposits placed by the Group with BAG Finance (including interest income) amounted to approximately RMB4,031.3 million, RMB7,295.7 million and RMB9,193.0 million for each of the three years ended 31 December 2014 respectively. We note that the original cap of the maximum daily balance of deposits for the year ended 31 December 2014 of approximately RMB14,733.1 million had been 62.4% utilized. As advised by the management of the Company, the 2014 annual cap of the maximum daily balance of deposits was determined having taken into account the expected net proceeds raised from the initial public offering of the Company. The Company was listed on the Main Board of the Stock Exchange on 19 December 2014 and net proceeds raised by the Company amounted to approximately RMB7,910.3 million. As the funds raised from listing of the Shares were not repatriated from Hong Kong to mainland China in time and therefore were not placed with BAG Finance by end of 2014, therefore the 2014 annual cap of the maximum daily balance of deposits was only partly utilized.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER REGARDING REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

Having discussed with the management of the Group, the funds raised from the initial public offering of the Company enables it to implement the business strategies outlined in the Prospectus and in particular, the development of the Company's passenger vehicles, sales network and the promotion of the Company's passenger vehicles. The original annual cap of the maximum daily balance of deposits for the year ended 31 December 2015 of RMB2,600 million was made very conservatively without taking into account the expected increase in sales of the Company's passenger vehicles.

As advised by the management, we understand that the New Annual Caps for 2015 and 2016 of RMB9,800 million and RMB11,000 million respectively were projected mainly based on the percentage increase of the maximum daily balance of deposits as compared to the average maximum daily balance of deposits for the years ended 31 December 2014 and 2015 respectively. Based on the historical average maximum daily balance of deposits of approximately RMB8,244.4 million for the two years ended 31 December 2014, the New 2015 Annual Cap of RMB9,800 million represents an increase of approximately 18.9%. Based on the average of the maximum daily balance of deposits for the year ended 31 December 2014 and the New 2015 Annual Cap, the New 2016 Annual Cap of RMB11,000 million represents an increase of approximately 15.8%.

We noted from the 2014 Results Announcement that the Group launched Senova X65, which is a mid- to high-end compact SUV of the Group's proprietary brand, in March 2015 and plans to launch a variety of brand new products during 2015, including Senova D80, Senova X55, Senova C33 and Senova CC. In addition, Beijing Benz is expected to have three brand new products coming into market successively in 2015, including the new generation of GLK SUV, standard wheel-base type new C class sedan and GLA SUV. After discussion with the management of the Company, the Company expects that the launch of these new products will further increase the expected sales revenues from Beijing Motor and Beijing Benz in 2015 and 2016. We note from the 2014 Results Announcement that the Company will continue to adjust the products structure by increasing sales of SUV products and the Group expects that sales of proprietary brands will continue to maintain rapid growth in 2015 and manufacturers of proprietary brand vehicles will continue to strengthen their sales of SUV products. According to an article titled "Productions and Sales of Vehicles in China Exceeding 23 million in 2014" (《去年我國汽車產銷量雙超2,300萬輛》) dated 14 January 2015 published on the website of the Ministry of Commerce of the PRC (www.mofcom.gov.cn), it is expected that demand for SUV and MPV products will continue to be strong with forecast sales of SUV products of approximately 5.1 million (representing a growth rate of approximately 25%) and forecast sales of MPV products of approximately 2.58 million (representing a growth rate of approximately 35%). Therefore, the projected increase in the New Annual Caps is in line with the expected increase in sales of SUV products in the market. Based on the above, we are of the view that the New Annual Caps for the Financial Services Framework Agreement are determined on a fair and reasonable basis and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER REGARDING REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

We note that the 2016 New Annual Cap for the highest daily interest balance of RMB170.0 million represents an increase of approximately 54.5% as compared to the 2015 New Annual Cap of RMB110.0 million while the 2016 New Annual Cap for the highest daily deposit balance of deposits placed by the Group with BAG Finance of RMB11,000 million represents an increase of approximately 12.2% as compared to the 2015 New Annual Cap of RMB9,800 million.

Having discussed with the management of the Group, the difference in increment is mainly due to the following reasons: (i) it is expected that daily interest balance will increase in 2016 as the 2015 New Annual Cap for the highest daily deposit balance of deposits has been increased by approximately 276.9% as compared to the originally approved 2015 annual cap; (ii) it is expected that the Group will place a larger proportion and amount of deposits with a longer duration (e.g. 6-month fixed-term deposit) which yields a higher interest rate as compared with a shorter duration (e.g. 3-month fixed-term/demand deposit) which yields lower interest rates in 2016.

As set out in the Letter from the Board, the pricing policy of interest rates for the deposits placed by the Group with BAG Finance will not be lower than: (i) the interest rate published by the People's Bank of China ("PBOC") for deposits of a similar type for the same period; (ii) the interest rate for deposits of a similar type for the same period placed by the subsidiaries of BAIC Group other than the Group; or (iii) the interest rate for deposits of a similar type for the same period offered by independent commercial banks to the Company and its subsidiaries. We understand from the Company that the interest rates used in the computation of the 2015 and 2016 New Annual Cap of the highest daily interest balance are made with reference to the interest rates for demand deposits, 3-month fixed deposits and 6-month fixed deposits placed by the Group with BAG Finance of approximately 1.485%, 2.31% and 2.53% p.a. respectively. We have checked to the website of the People's Bank of China (www.pbc.gov.cn) and noted that the RMB deposit benchmark rates of financial institutions is 0.35%, 2.1% and 2.3% p.a. for demand deposits, 3-month fixed deposits and 6-month fixed deposits respectively. Therefore, the interest rates for the deposits placed by the Group with BAG Finance are no less favourable to the Group than the interest rate published by the PBOC for deposits of a similar type for the same period. Based on the above, we are of the view that the pricing policy of the interest rate regarding the deposits services under the Financial Services Framework Agreement is on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole.

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER REGARDING
REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS**

(ii) Internal control and corporate governance measures for transactions under the Financial Services Framework Agreement

As set out in the Letter from the Board, the Company has adopted the following measures with respect to the transactions under the Financial Services Framework Agreement in order to further safeguard the interests of the Independent Shareholders:

(1) Independent financial system:

The Company has established an independent financial department with a team composed of independent financial staff, and supervised by the vice president of the Company in charge of finance. The Company has adopted a sound and independent audit system and a comprehensive financial management system. The Company also maintains accounts with independent banks. BAIC Group does not share any bank account with the Company nor does it control the use of any of the Company's bank accounts. The Company has independent tax registrations and have paid tax independently pursuant to applicable PRC laws and regulations.

(2) Risk management measures:

- BAG Finance and BAIC Group will provide sufficient information including various financial indicators (as well as annual and interim financial statements) at the end of every quarter to enable the Company to monitor and review the financial condition of BAG Finance and BAIC Group. BAG Finance and BAIC Group shall notify the Company, subject to compliance with applicable laws and regulations, should any of them be subject to any judicial, legal or regulatory proceedings or investigations which are reasonably likely to have a material impact on the financial condition of any of them. If the Company considers that there is any material adverse change in the financial condition of any of the BAG Finance and BAIC Group, the Company will take appropriate measures (including early withdrawal of deposits and a moratorium on further deposits) to protect its financial position.
- In addition to the Company's internal monitoring, BAG Finance is also required to monitor the maximum daily balance of the deposits on a daily basis to ensure that the aggregate outstanding amounts do not exceed the applicable annual caps. BAG Finance will provide the Company with a periodic report on the status of the Company's deposits and loans so as to enable the Company to monitor and ensure the relevant annual caps under the Financial Services Framework Agreement have not been exceeded. Should the balance at the end of any day exceed the maximum daily balance of deposits and interest income prevailing at that time, the excess funds will be transferred to the Company's designated bank accounts with an independent commercial bank. The Company shall also be notified immediately once the daily balance exceeds the maximum daily balance limit.

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER REGARDING
REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS**

- The Company will, from time to time, at its sole discretion, request that the deposits with BAG Finance be withdrawn or terminated early (either in full or in part) to assess and ensure the liquidity and safety of its deposits.
- (3) Internal control measures:
- The Company has adopted internal control policies which are implemented by its finance center. All cash inflow and outflow of the Group should be considered in light of a unified budget. In addition, the vice president of the Company in charge of finance and his team will be responsible for closely monitoring such ongoing and continuing connected transactions.
 - The Company's management will prepare periodic risk assessment reports of the funds deposited with BAG Finance. The contents of such risk assessment reports will include the maximum daily balance of the deposits for the reporting period and the deposits with BAG Finance during the reporting period.
 - In particular, independent non-executive Directors of the Company will independently scrutinize the implementation and enforcement of the transactions under the Financial Services Framework Agreement on an annual basis. If the independent non-executive Directors consider that it would be in the interests of the Company to reduce the level of deposits with BAG Finance, the Company will take appropriate measures to implement the decision of the independent non-executive Directors. Any material findings in the risk assessment reports, the views of the independent non-executive Directors on the deposits under the Financial Services Framework Agreement (including their views on how the terms of the Financial Services Framework Agreement have been complied with), and their decisions on any matters in relation thereto, will be disclosed in the Company's annual and interim reports.
 - During the annual audit of the Company, it would engage its auditors to review connected transactions between the Group and BAIC Group to ensure that the transactions under the Financial Services Framework Agreement have been conducted in accordance with the Listing Rules and have fulfilled the relevant disclosure requirements.

We are of the view that the adoption of the above measures promote good corporate governance practices and therefore safeguards the interests of the Independent Shareholders.

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER REGARDING
REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS**

2.2 Products and Services Purchasing Framework Agreement

As set out in the Letter from the Board, the historical figures, the original approved annual caps and the New Annual Caps of product procurement for the Products and Services Purchasing Framework Agreement are as follows:

Historical figures:

	For the year ended December 31,		
	2012	2013	2014
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Product procurement	2,270.9	3,188.3	5,995.8

Proposed annual caps:

	Change to the 2015 annual cap			Change to the 2016 annual cap		
	Originally approved 2015 annual cap	Newly applied 2015 annual cap	Additional cap applied for the 2015 annual cap	Originally approved 2016 annual cap	Newly applied 2016 annual cap	Additional cap applied for the 2016 annual cap
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Product procurement	15,195.0	17,020.1	1,825.1	22,973.8	26,458.6	3,484.8

From the table above, we note that the New Annual Caps for product procurement for the two years of 2015 and 2016 are approximately RMB17,020.1 million and RMB26,458.6 million respectively, representing an increase of approximately 12.0% and 15.2% of the originally approved 2015 and 2016 annual caps respectively. Based on the actual product procurement amount of approximately RMB5,995.8 million in 2014, the New Annual Cap for product procurement in 2016 represents a compound annual growth rate of approximately 110.1% from the actual figure in 2014 (as compared to a compound annual growth rate of approximately 95.7% in respect of the original approved annual cap).

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER REGARDING
REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS**

As set out in the Letter from the Board, the proposed annual caps are made with reference to the following factors:

- (i) unit purchase cost for each vehicle model of the Group and the expected market condition and general cost inflation for the relevant period;
- (ii) the estimated sales volume of passenger vehicles with steady growth by taking into account, among others, macroeconomic conditions as well as the development strategies and business expansion plan of the Group;
- (iii) the estimated annual caps for 2014, 2015 and 2016 include the respective expected annual value of the connected transactions between Beijing Benz and BAIC Group and its associates; and
- (iv) the number of raw material parts and equipment related to the procurement of whole vehicles and specific whole vehicles of the Company are rising substantially in 2015 and 2016.

As set out in the Letter from the Board, the increase in the estimated annual caps for the purchase of products from BAIC Group and its associates by our Group is primarily due to the expected increase of the Group's total cost of sales, which is ultimately driven by the business expansion plan of the Group. The Group (including Beijing Benz) launched and manufactured various new models in 2014 and 2015, which results in significant increases in its total cost of sales for such years. In addition, the expected sales volume of existing models are continuing to rise due to the continued growth in demand in their respective segments, which results in the increase of the Group's total cost of sales.

We understand from the management of the Company that the purchases of automobile parts, components and raw materials from BAIC Group and its associates under the Products and Services Purchasing Framework Agreement would benefit the Group for the following reasons:

- (i) the purchases from BAIC Group and its associates will be at competitive prices not less favorable than those that the Group can obtain from independent third parties;
- (ii) BAIC Group and its associates are familiar with the Group's specifications, standards and requirements on automobile parts and components and raw materials; and
- (iii) BAIC Group and its associates can maintain the stability in supply and quality of automobile parts and components and raw materials for our existing and future production needs.

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER REGARDING
REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS**

The pricing policies for different types of products are set out in the Letter from the Board. As advised by the management of the Company, the quotation and pricing mechanisms for different products are conducted through the same tender process mechanism. We understand from the management of the Company that the Company will obtain quotations for comparable products or services that may be available from other independent suppliers and conduct a tender process before selecting suppliers before placing a purchase order. Quotations will be collectively reviewed and assessed by the Company's tender assessment board according to the Company's administrative measures for market quotations. No purchase order with the connected persons and associates of the Company would be made if the Company could obtain better terms from any other independent suppliers. Regular contact will be kept with suppliers in the market to keep abreast of the market developments and the price trend.

In particular, for raw materials, automotive modules and automobile parts and components, BAIC Group would charge the Company (i) at prices not higher than the market prices; and (ii) if no comparable market price, at prices with reference to the cost incurred plus a profit margin within the pre-agreed arm's length range. We understand that the Company will, prior to entering into agreements with BAIC Group, request a schedule of the costs incurred by the BAIC Group in respect of the raw materials, automotive modules and automotive parts and components. The management of the Company will then (i) assess independently whether the costs incurred are fair and reasonable; (ii) request clarification and supporting documents from BAIC Group; and (iii) verify that the profit margin on the total costs incurred by BAIC Group falls within the pre-agreed range of profit margins.

Accordingly, we are of the view that the pricing policy of Products and Services Purchasing Framework Agreement is on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

In assessing the fairness and reasonableness of the New Annual Caps for product procurement under the Products and Services Purchasing Framework Agreement, we have obtained and reviewed a list of estimated procurement amounts of raw materials, automotive modules and automotive parts and components with BAIC Group and its associates for the two years ending 31 December 2016 provided by the management of the Company and discussed with the management of the Company the basis and assumptions made by the Company. In particular, we understand from the management of the Company that:

- the estimated procurement amount was prepared on the basis of multiplying the estimated unit price of the products by the estimated procurement quantities of the corresponding components;
- The estimated procurement quantities are mainly driven by the expected increase in the demand of passenger vehicles in 2015 and 2016 as well as the expected launch of several brand new products in the premium passenger vehicles market and SUV automobile market. Due to the reasons mentioned in the paragraph "2.3 Provision of Products and Services Framework Agreement" below, the Company expects that the transaction amount of purchase of products will be driven by the expected growth of sales volume of passenger vehicles in 2015 and 2016; and

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER REGARDING
REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS**

- the expected demand for higher quality premium new products will require the purchase of better and more sophisticated new raw materials, automotive modules, automotive parts and components from BAIC Group and/or its associates which will be comparatively more expensive than the costs of existing raw materials, automotive modules, automotive parts and components purchased from BAIC Group and/or its associates for existing products. As a result, it is expected that the unit price for these raw materials, automotive modules, automotive parts and components for the production of new premium products will be increased.

Having said that, Independent Shareholders should note that the aforesaid projected purchase figures estimated by the management of the Company may vary depending on numerous factors such as increase in population and economic development throughout the duration of the Products and Services Purchasing Framework Agreement. Accordingly, Independent Shareholders should not regard the aforesaid projected figures as the projection of the cost of sales of the Group for each of the two years ending 31 December 2016.

Having considered the above, we are of the view that the continuing connected transaction and the New Annual Caps in respect of product procurement under the Products and Services Purchasing Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

2.3 Provision of Products and Services Framework Agreement

As set out in the Letter from the Board, the historical figures, the original approved annual caps and the New Annual Caps for the Provision of Products and Services Framework Agreement are as follows:

Historical figures:

	For the year ended December 31,		
	2012	2013	2014
	<i>(RMB</i>	<i>(RMB</i>	<i>(RMB</i>
	<i>million)</i>	<i>million)</i>	<i>million)</i>
Provision of products	266.9	594.4	1,902.6
Provision of services	10.5	19.7	37.0
	<u>277.4</u>	<u>614.1</u>	<u>1,939.6</u>

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER REGARDING
REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS**

Proposed annual caps:

	Change to the 2015 annual cap			Change to the 2016 annual cap		
	Originally approved 2015 annual cap	Newly applied 2015 annual cap	Additional cap applied for the 2015 annual cap	Originally approved 2016 annual cap	Newly applied 2016 annual cap	Additional cap applied for the 2016 annual cap
	(RMB million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)
Provision of products	2,796.8	15,377.7	12,580.9	4,173.9	22,925.4	18,751.5
Provision of services	98.4	662.0	563.6	128.8	725.1	596.3
Total	2,895.2	16,039.7	13,144.5	4,302.7	23,650.5	19,347.8

From the table above, we note that the New Annual Caps for provision of products for the two years of 2015 and 2016 are approximately RMB15,377.7 million and RMB22,925.4 million respectively. Based on the actual amount of approximately RMB1,902.6 million in 2014, the New Annual Cap for provision of products in 2016 represents a compound annual growth rate of approximately 247.1% from the actual figure in 2014 (as compared to a compound annual growth rate of approximately 48.1% in respect of the originally approved cap). The New Annual Caps for provision of services for the two years of 2015 and 2016 are approximately RMB662.0 million and RMB725.1 million respectively. Based on the actual amount of approximately RMB37.0 million in 2014, the New Annual Cap for provision of services in 2016 represents a compound annual growth rate of approximately 342.7% from the actual figure in 2014 (as compared to a compound annual growth rate of approximately 86.6% in respect of the originally approved annual cap).

As set out in the Letter from the Board, the proposed annual caps are determined based on the following:

- (i) the steady growth on future sales of complete vehicles to be manufactured and assembled by Beijing Benz and Beijing Motor by taking into account, among others, macroeconomic conditions as well as the development strategies and business expansion plan of the Group;
- (ii) the percentage of the Group's sales to the dealership outlets operated by the associates of BAIC Group in the future, which is determined with reference to the historical percentage of our sales of complete vehicles manufactured and assembled by Beijing Benz and Beijing Motor to the dealership outlets operated by the associates of BAIC Group;
- (iii) the estimated annual caps for 2014, 2015 and 2016 include the respective expected annual value of the connected transactions; and

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER REGARDING
REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS**

- (iv) the whole vehicle production volume of the Company in 2015 and 2016 will increase substantially than that of 2014. Therefore it is predicted that the sales volume of whole vehicles and the related raw material parts and equipment of the Company will increase substantially in 2015 and 2016 accordingly.

As set out in the Letter from the Board, the increase in the estimated annual caps for the provision of products and services to BAIC Group and its associates by the Group is primarily linked to the expected increase of the Group's revenues, which is ultimately driven by its business expansion plan.

We understand from the management of the Company that the provision of products and general services under the Provision of Products and Services Framework Agreement would benefit the Group for the following reasons:

- (i) BAIC Group and/or its associates can benefit from the Group's professional sales team which has a solid understanding of China's automobile market and diversified sales channels thereby reducing their sales cost;
- (ii) The Company and those subsidiaries of BAIC Group have established a long-term relationship and understand the business plan, quality control and other special requirements of each other;
- (iii) BAIC Group and/or its associates purchase automobile components, such as automobile engines, from the Group's subsidiary, Powertrain, for their daily production; and
- (iv) prices and terms for the products and general services provided by the Company to BAIC Group are not less favorable than those offered to independent third parties.

We understand from the management of the Company that the price of the products provided to the BAIC group is determined by cost of the products incurred plus a reasonable profit margin. The Company will gather information on market prices and profit margin levels of automobile products in the industry through industrial associations and independent automobile products suppliers in the PRC to ensure the terms of supplying products to BAIC group is on an arm's length basis.

As for the service fees charged to BAIC Group, we understand from the management of the Company that the price is determined on the historical prices plus a reasonable margin and is arrived on arm's length negotiations between the relevant parties.

Accordingly, we are of the view that the pricing policy of Provision of Products and Services Framework Agreement is on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER REGARDING REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

In determining the fairness and reasonableness of the New Annual Caps, we have performed the following steps:

- We have discussed with the management of the Company about the rationale and reasons for revising the originally approved 2015 and 2016 annual caps. As set out in the Prospectus, the historical actual aggregate amounts of provision of products and services for the year ended 31 December 2013 is approximately RMB614.1 million and the original aggregate annual caps for provision of products and services for 2014 is approximately RMB1,981.3 million, representing an increase of approximately 222.6% over the previous year. We are advised by the Company that the growth rate in aggregate original annual caps for products and services in 2014 was made with reference to the historical revenue growth of the Group in 2013 of approximately 263.2% as compared to 2012 in determining the original aggregate annual caps for provision of products and services in 2014.

The growth rate in the original aggregate annual caps for provision of products and services in 2015 and 2016 was made very conservatively as to approximately 46.1% and 48.6% over the previous corresponding year in arriving at the original aggregate annual caps amounts of RMB2,895.2 million and RMB4,302.7 million in 2015 and 2016 respectively. The original aggregate annual cap of provision of products and services in 2016 of approximately RMB4,302.7 million represents a compound annual growth rate of only 47.4% as compared to the corresponding figure in 2014.

We note from the 2014 Results Announcement that the revenue of the Group for the year ended 31 December 2014 amounted to approximately RMB56,370.3 million, representing an increase of approximately 341.0% as compared to 2013 or a compound annual growth rate of approximately 300.2% as compared to 2012. Therefore, the Group experienced a faster revenue growth rate in 2014 as compared to that in 2013 which the management of the Group had not taken into account at the time when the original 2015 and 2016 annual caps were set and the compound annual growth rate of approximately 47.4% in the original caps in 2014-16 was underestimated. The compound annual growth rate of the revised new aggregate annual caps of provision of products and services in 2014-16 of approximately 249.2% is more in line with the historical compound annual growth rate of revenue of the Group of approximately 300.2% in 2012-14;

- We have obtained and reviewed a list of estimated sales of passenger vehicles, automobile parts and general services including sales services and consultancy services with BAIC Group and its associates prepared by the management of the Company. We understand from the Company that such list of estimate was prepared on the basis of multiplying the estimated price per unit of the products by the estimated quantity of the corresponding components based on information and knowledge obtained by the front-line sales staff of the Company. We have discussed with the management of the Company the bases and assumptions made by the Company. In particular, we understand from the Company that:
 - (i) it is expected that there is an increase in the sales volume of existing models driven by the continued demand in the industry. As stated in the 2014 Result

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER REGARDING
REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS**

Announcement, annual sales volume of Beijing brand, Beijing Benz and Beijing Hyundai increased by approximately 53.1%, 25.4% and 8.7% respectively in 2014 as compared to 2013. The Group expects that sales of proprietary brand vehicles (i.e. Beijing brand) will continue to maintain rapid growth in 2015 and manufacturers of proprietary brand vehicles will continue to strengthen their sales of SUV products. It is expected that the growth of luxury vehicle market, in which Beijing Benz lies, will be apparently faster than passenger vehicle market. Beijing Hyundai plans to further expand its dealership network by permeating into third and fourth tier cities, strengthening dealership network coverage over the central part of the PRC. In relation to the overall automobile industry, according to the report titled “2014 Automobile Industry Overview and 2015 Automobile Industry Forecast” (《2014年汽車市場運行情況概述及2015年汽車市場形勢預測》) published in January 2015 by China Association of Automobile Manufacturers (the “**Report**”), which is an social organization founded in Beijing in 1987 with the approval of the Ministry of Civil Affairs of the People’s Republic of China, the anticipated growth of the whole automobile industry is estimated to be 7% annually. Therefore, we concur with the view of the management that the growth of the existing products will continue in the coming two financial years ending 31 December 2016;

- (ii) the Company will launch a variety of brand new products into the SUV automobile market during 2015 which mainly includes Senova D80, Senova X65, Senova X55, Senova C33 and Senova CC for Beijing brand; and new generation of GLK SUV, standard wheel-base type new C class sedan and GLA SUV for Beijing Benz. The brand new products of Senova Series is mostly SUV focusing on the mid-to high end passenger vehicle while the brand new product of Beijing Benz is mostly premium SUV focusing on premium passenger vehicle market. As stated in the 2014 Result Announcement the sales of Senova series increase by 76.1% from 2013 to 2014 while the sales of Beijing Benz series increase by 25.4% from 2013 to 2014. According to the Report, the growth rate of the SUV automobile market in the PRC is expected to be 25% in 2015.

We have also considered the market position of the Company and noted that the Company ranked fifth in terms of the sales volume of passenger vehicles in China according to the report titled “Ranking of Automobile Sales in 2014” (《2014年汽車銷量排名》) published by Ministry of Industry and Information Technology of the People’s Republic of China in January 2015. Moreover, as stated in the 2014 Result Announcement and 2014 annual results announcement presentation, the sales of passenger vehicles of Beijing Benz account for around 54.5% of the total sales units of Mercedes-Benz brand vehicles in the PRC in 2014 and is expected to account for 66.67% in 2015. Therefore, we concur with the view of the management that the scheduled launch of new or improved models of passenger vehicles will result in increase in demand for the passenger vehicles of the Group in 2015 and 2016;

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER REGARDING
REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS**

(iii) the Company will adjust its products structure by increasing sales of SUV products and premium passenger vehicles as stated in the 2014 Result Announcement. We understand from the management of the Company and checked to the selling price of passenger vehicles in the websites of the Company that the price of the Senova Series and Beijing Benz series is generally higher than other brand of passenger vehicles sold by the Company. In line with the launch of several new products as mentioned in the previous paragraph, it is expected that the Company will continue to further improve its product mix with more weight on SUV and premium passenger vehicles such as Senova Series and Beijing Benz in the coming two financial years ending 31 December 2016. According to the Report, it is expected that demand for SUV products will continue to be strong with forecast sales of SUV products of approximately 5.1 million in 2015, representing a growth rate of approximately 25%. Therefore, the relatively higher-priced Senova Series and Beijing Benz products and the increase in sales of these products due to the shift in product mix will lead to an increase in sales revenue of the Group.

Having said that, Independent Shareholders should note that the aforesaid projected sales figures may vary depending on numerous factors such as increase in population and economic development throughout the duration of the Provisions of Products and Services Framework Agreement. Accordingly, Independent Shareholders should not regard the aforesaid projected figures as the projection of the revenue of the Group for each of the two years ending 31 December 2016.

Having considered the above, we are of the view that the continuing connected transaction and the New Annual Caps in respect of the Provision of Products and Services Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

OPINION

Having considered the principal factors and reasons as discussed above, we are of the opinion that the Continuing Connected Transactions and the Revised 2015 and 2016 Annual Caps are on normal commercial terms, entered into in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole and the Continuing Connected Transactions and the Revised 2015 and 2016 Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolutions to approve the Continuing Connected Transactions at the AGM.

Yours faithfully,
For and on behalf of
Qilu International Capital Limited
Bernard Tam
Managing Director

Note: Mr. Bernard Tam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Qilu International Capital to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. He has over 15 years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, and to the best knowledge of the Directors, the following entities/persons (except for the Directors, Supervisors and senior management) have interests or short positions in the Shares or underlying shares which are required to be disclosed to the Company according to Divisions 2 and 3 in Part XV of SFO:

Name of Shareholder	Type of Share	Amount of Share/relevant Share amount ^(Note 1)	Percentages to relevant Share capital types (%) ^(Note 2)	Percentages to the total Share capital (%)
BAIC Group	Domestic Share	3,416,659,704(L)	62.18	44.98
Shougang Shares	Domestic Share	1,028,748,707(L)	18.72	13.54
Benyuanjinghong	Domestic Share	342,138,918(L)	6.23	4.50
Daimler AG	H Share	765,818,182(L)	36.46	10.08
Easy Smart Limited	H Share	278,651,500(L)	13.26	3.67
Coronet Star Limited	H Share	249,059,500(L)	11.86	3.28
Zhang Shuai	H Share	249,059,500(L)	11.86	3.28

- (L) – Long position, (S) – Short position, (P) – Shares can be loaned;
- The percentage is calculated by the amount of shares held by relevant person/the amount of relevant types of shares issued as at the Latest Practicable Date.

3. DIRECTORS' INTERESTS

As of December 31, 2014, none of the Company's Directors have any interests or short positions or debentures (including those deemed to have according to the provisions of SFO) in the Company's or any of its associated corporation's Shares, underlying shares or debentures which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 in Part XV of SFO, or any rights and interests or short positions, pursuant to section 352 in SFO, which are required to be registered in the register referred to by the provision, or interests or short positions or debentures needed to be notified to the Company and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Companies (Model Code).

The Directors of the Company have no interest, direct or indirect, in any assets which have been, since 31 December 2014, the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group. In addition, the Directors have no any contract or arrangement subsisting at the date of the listing document in which a Director is materially interested and which is significant in relation to the business of the Group.

4. SERVICE CONTRACTS

The Company has entered into service contracts with all of its Directors and Supervisors. None of the Directors or Supervisors has entered into or proposed to enter into any service contracts with the Company which cannot be terminated by the Company within one year without any compensation (other than the statutory compensation).

5. LITIGATION

As at the Latest Practicable Date, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2014, the date to which the latest published audited consolidated financial statements of the Company were made up.

7. COMPETING INTERESTS

As at the Latest Practicable Date, the Board consists of fifteen directors, five of whom hold positions within BAIC Group. Set forth below is a table summarizing the identities of the five Directors who hold positions within BAIC Group and its subsidiaries and their respective major positions in our Group and BAIC Group as well as its subsidiaries.

Name	Major positions in our Group	Major positions within BAIC Group and its subsidiaries
Mr. Xu Heyi	<ul style="list-style-type: none"> • Chairman of the board, secretary of the Communist Party of China (CPC) committee and non-executive Director of the Company • Director of Beijing Benz • Director of BAIC Hong Kong • Director of BAIC Investment 	<ul style="list-style-type: none"> • Secretary of the CPC committee and Chairman of the board of BAIC Group • Chairman of the board of Beijing General Aviation Co. Ltd. • Chairman of the board of Beijing BAIC Electric Vehicle Co., Ltd.
Mr. Zhang Xiyong	<ul style="list-style-type: none"> • Non-executive Director of the Company 	<ul style="list-style-type: none"> • Director, vice secretary of the CPC committee and general manager of BAIC Group • Chairman of the Board of BAIC Rocar Automobile Services & Trade Co., Ltd. • Executive director of BAIC International Development Co., Ltd.
Mr. Li Zhili	<ul style="list-style-type: none"> • Non-executive Director, vice secretary of the CPC committee and secretary of discipline inspection commission of the Company 	<ul style="list-style-type: none"> • Director, vice secretary of the CPC committee and secretary of discipline inspection commission of BAIC Group
Mr. Li Feng	<ul style="list-style-type: none"> • Executive Director, President and vice secretary of the CPC committee • Director of Beijing Benz 	<ul style="list-style-type: none"> • Director and member of the standing committee of the CPC committee of BAIC Group

Name	Major positions in our Group	Major positions within BAIC Group and its subsidiaries
Mr. Ma Chuanqi	<ul style="list-style-type: none"> • Non-executive Director of the Company • Director of BAIC Investment • Board Chairman of Beijing Hainachuan Investment Corp. • Director of Beijing Benz • Director of BAIC Hong Kong 	<ul style="list-style-type: none"> • Director and chief financial officer of BAIC Group • Chairman of the board and secretary of the CPC committee of BAIC Finance

8. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has provided its opinion or advice, which is contained in this circular:

Name	Qualification
Qilu International Capital	a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

At the Latest Practicable Date, Qilu International Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name in the form and context in which they respectively appear.

At the Latest Practicable Date, Qilu International Capital did not have any shareholding in any member of the Group or the rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for the securities in any member of the Group.

At the Latest Practicable Date, Qilu International Capital did not have any interest in any asset which have been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2014 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

9. MISCELLANEOUS

- (1) Ms. Yung Mei Yee from KCS Hong Kong Limited, external service provider, has been engaged by the Company as its assistant to company secretary. Its primary contact person at the Company is Mr. Yan Xiaolei, company secretary of the Company.
- (2) The registered office of the Company is located at the fifth building, Block 25 Shuntong Road, Shunyi District, Beijing, the PRC. The Group is principally engaged in the manufacturing and sales of passenger vehicles, engines and auto parts in the PRC.
- (3) The H share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (4) The English version of the circular shall prevail over the Chinese version in the event of inconsistency.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 36/F, Tower two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong from the date of this circular up to and including the date of the AGM:

- (1) the Connected Transaction Agreements;
- (2) the letter from the Independent Board Committee, the text of which is set out on pages 86 to 87 of this circular;
- (3) the letter from Qilu International Capital, the Independent Financial Adviser, regarding the Revision of Annual Caps for Continuing Connected Transactions, the text of which is set out on page 88 to 105 of this circular;
- (4) the written consent of Qilu International Capital referred to in paragraph 8 of this appendix; and
- (5) this circular.

NOTICE OF 2014 AGM



北京汽车
BAIC MOTOR

北京汽车股份有限公司

BAIC MOTOR CORPORATION LIMITED*

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1958)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of BAIC Motor Corporation Limited (the “**Company**”) will be held at 9:30 a.m. on Monday, 29 June 2015 at Multi-purpose Hall, 1st Floor, the South Tower of Beijing Automotive Industry R&D Base, No.99 Shuanghe Road, Shunyi District, Beijing, the PRC for the purpose of considering, among others, and if thought fit, passing the following resolutions (with or without modifications). Unless included otherwise, capitalised terms used wherein shall have the same meanings as those defined in the circular of the Company dated 15 May 2015:

Ordinary Resolutions

1. Report of the Board for 2014
2. Report of the Board of Supervisors for 2014
3. Financial Report for 2014
4. Profits Distribution and Dividends Distribution Plan for 2014
5. Remuneration Plan for Independent Directors for 2015
6. Re-appointment of International Auditor and Domestic Auditor
7. Appointment of 3 Supervisors of the Company and the Remuneration of the Supervisors
8. Issuance of Onshore and Offshore Corporate Debt Financing Instruments
9. Revision of Annual Caps for Continuing Connected Transactions for 2015 and 2016
 - 9.1 Financial services under the Financial Services Framework Agreement
 - 9.2 Product procurement under the Products and Services Purchasing Framework Agreement

* *For identification purpose only*

NOTICE OF 2014 AGM

9.3 Provision of products under the Provision of Products and Services Framework Agreement

10. Amendments to Rules of Procedures for the Board of Directors

11. Amendments to Rules of Procedures for the Shareholders' General Meetings

Special Resolutions

12. Amendments to the Articles of Associations of the Company

13. General Mandates to the Board for the Issuance of Shares

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

Beijing, the PRC, 15 May 2015

Notes:

- (A) The register of members will be closed from Saturday, 30 May 2015 to Monday, 29 June 2015 (both days inclusive), during which period no transfer of the H Shares will be effected. Holders of H Shares of the Company whose names appear on the register of H Shares of the Company kept at Computershare Hong Kong Investor Services Limited on Monday, 29 June 2015 are entitled to attend and vote at the AGM following completion of the registration procedures. To qualify for attendance and voting at the AGM, documents on transfers of H Shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's H Share registrar, not later than 4:30 p.m. on Thursday, 28 May 2015. The address of the Company's H Share registrar is as follows: Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (B) Holders of H Shares intending to attend the AGM should complete and return the reply slip for attending the AGM personally, by facsimile or by post to Computershare Hong Kong Investor Services Limited, the H Share registrar of the Company in Hong Kong whose address is shown above on or before Tuesday, 9 June 2015.
- (C) Each shareholder entitled to attend and vote at the AGM may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the AGM on its behalf. A proxy need not be a Shareholder of the Company. With respect to any Shareholder who has appointed more than one proxy, the proxy holders may only vote on a poll.
- (D) A proxy shall be appointed by a Shareholder by a written instrument signed by the appointor or his attorney duly authorized in writing. In case of a corporation, the same must be either under its common seal or under hand of its legal representative or duly authorized attorney(s). If the written instrument is signed by an attorney of the appointor, the power of attorney or other documents of authorization of such attorney shall be notarized.
- (E) To be valid, the form of proxy and the relevant notarized power of attorney (if any) and other relevant documents of authorization (if any) as mentioned in Note (D) above must be delivered to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited (address: Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong), not less than 24 hours before the time appointed for the AGM or any adjournment thereof (as the case may be). Completion and return of a form of proxy will not preclude a Shareholder from attending and voting in person at the meeting if he so desires.
- (F) A Shareholder or his proxy should produce proof of identity when attending the AGM. Where a Shareholder is a legal person, the legal representative of that Shareholder or the person authorized by its board of directors or other governing body shall produce a copy of the authorization documents of the board of directors or other governing body of such Shareholder appointing such person to attend the meeting.
- (G) The AGM is expected to last for not more than half a day. Shareholders who attend the AGM shall bear their own travelling and accommodation expenses.