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北京汽车
BAIC MOTOR

北京汽車股份有限公司

BAIC MOTOR CORPORATION LIMITED*

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

(Stock Code: 1958)

ANNOUNCEMENT

5-YEAR STRATEGIC PLANS OF BAIC MOTOR CORPORATION LIMITED

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

At the fifth anniversary ceremony of the Company held on 28 September 2015, the strategic plans for years 2016 to 2020 – “ π Plans” were announced, including, inter alia, the growth objectives of BAIC Motor’s proprietary brands, Beijing Benz and Beijing Hyundai for years 2016 to 2020. The Group will endeavour to comprehensively implement the strategies in line with “Made in China 2025” with an aim to fully accomplish the corporate reform and transformation by 2020 and strive towards the overall objective of becoming an internationalised automobile manufacturer.

Under the “ π Plans”, the Group will focus on the three key numbers, namely, “3”, “1” and “4” to operate its business in the coming five years:

- 1) “3” refers to BAIC Motor’s aim to be among the top three domestic proprietary brands in the industry by 2020 by increasing brand competitiveness given its solid product competitiveness. Specifically:

As to brand building, BAIC Motor will implement the dual-brand structure comprising “BAIC Senova” and “BAIC Wevan” where BAIC Senova is positioned as a mid-to-high-end passenger vehicle proprietary brand (including sedans, city SUVs, MPVs and off-road passenger vehicles) featuring properties of power, ultra safety, innovative technology and hard-core spirit; and BAIC Wevan is positioned as an economy passenger vehicle proprietary brand (including mini vehicles, Mini MPVs, economy sedans and economy SUVs) featuring properties of durability and pleasure.

As to research and development (“R&D”), in addition to the current BAIC research institute, the Company will focus on the implementation of the “3M” strategy, i.e. to provide ongoing R&D human resources and technical support in the core technology areas of high-end vehicle models, new energy vehicles and power trains by capitalising on the three major technology R&D centres, namely MB-TECH¹, META² and Michigan³ centers.

As to sales and marketing, the Company will uphold the “3F” principle to promptly understand the customers (“fast learn”), promptly reach the customers (“fast arrive”) and promptly help the customers (“fast help”).

With respect to manufacturing and procurement, the Company will follow the standards of Hyundai Motor in the areas of supply chain, production and manufacturing, automation production efficiency and quality management and endeavour to achieve the “3H” standards of high quality, high efficiency in manufacturing and high competence in procurement in the course of development.

As to new technology development, the Company will launch the “SELL Plan” – Smart, Electrical, Low-carbon and Light-weight Plan.

With respect to the implementation steps of the strategic objectives, in the coming five years, the Company will complete the upgrade and replacement of the vehicle models of BAIC Senova and BAIC Wevan from Generation 1 to Generation 2 as scheduled.

- 2) “1” refers to the aim of Beijing Benz to become the No.1 brand in the luxury vehicle market in China by 2020. As a key business partner of Daimler in China, the Company is highly consistent with Daimler in terms of strategic objective. The Company recognises the strategic objective of Daimler to “resume the world’s No.1 position by 2020” and will assist in promoting the ultimate achievement of this objective. Beijing Benz as a world-class luxury sedan production facility, possesses the capability to further increase the market competitiveness. With the upcoming commencement of production in the new production bases, release of a number of new vehicle models and the introduction of new technology from Daimler, Beijing Benz will endeavour to become the No.1 brand in the luxury vehicle market in China by 2020.
- 3) “4” refers to Beijing Hyundai’s aim to maintain its No.4 ranking among the joint venture brands in China. Since 2012, Beijing Hyundai has ranked No.4 among its industry peers for consecutive years. It is believed that, with the completion of construction and commencement of production in the two new production facilities in Cangzhou and Chongqing, the synergies arising from the five production facilities of Beijing Hyundai will generate an aggregate capacity of 1.65 million units from North China and South China and provide nationwide coverage in the foreseeable future. The multi-wheel driven strategy of capacity, product and market helps build a solid foundation for the sustainable and sound development of Beijing Hyundai in the automobile market in China. The strategic objective of Beijing Hyundai is to maintain its No.4 joint venture brand position and strive for better performance by 2020.

- 1 Beijing BAIC MBtech Development Center Co. Ltd., a joint venture established pursuant to the joint venture contract entered into between MBtech Group GmbH & Co. KGaA and the Company on 6 February 2015, is responsible for the research of the technology of the high-end passenger vehicles as well as the development of the platform and models of high-end vehicles of BAIC Motor.
- 2 META Motoren-und Energie-Technik GmbH is responsible for the development of more efficient and energy-saving engine products, optimisation and upgrade of existing engines, analysis and testing of competitive engine products as well as the development and certification of hybrid power systems.
- 3 BAIC Motor Technical Center, America (temporary name as the company is in the process of registration) is responsible of the R&D of the advanced technology of chassis, R&D of the active safety technology, active noise control (“ANC”) of engines and the development of online software structure and hardware of smart vehicles.

The strategies announced by the Company do not represent an undertaking towards the public. Changes in the future macroeconomic environment and the policies in the vehicle industry and changes in the market may have certain impacts on the implementation of the growth strategies of the Company. Shareholders of the Company and potential investors should note the investment risks.

DEFINITION

“Beijing Benz”	Beijing Benz Automotive Co., Ltd., a subsidiary which is held as to 51.0% equity interests by the Company and the remaining equity interests are held by Daimler and Daimler Greater China Ltd. (a wholly-owned subsidiary of Daimler) respectively
“Beijing Hyundai”	Beijing Hyundai Motor Co., Ltd., a joint venture of the Company, which is held as to 50.0% equity interests by BAIC Investment and Hyundai Motor respectively
“Company” or “BAIC Motor”	BAIC Motor Corporation Ltd.
“Daimler”	Daimler AG, a company established in Germany in 1886 which is a Shareholder of the Company and a connected person of the Company
“Group”	BAIC Motor Corporation Ltd. and its subsidiaries
“Hyundai Motor”	Hyundai Motor Company, a company incorporated in the Republic of Korea and whose shares are listed on the Korea Stock Exchange, which owns 50.0% equity interests in Beijing Hyundai

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

Beijing, the PRC, 29 September 2015

As at the date of this announcement, the Board comprises Mr. Xu Heyi, as Chairman of the Board and non-executive Director; Mr. Zhang Xiyong and Mr. Li Zhili, as non-executive Directors; Mr. Li Feng, as executive Director; Mr. Ma Chuanqi, Mr. Qiu Yinfu, Mr. Hubertus Troska, Mr. Bodo Uebber, Ms. Wang Jing and Mr. Yang Shi, as non-executive Directors; and Mr. Fu Yuwu, Mr. Wong Lung Tak Patrick, Mr. Bao Robert Xiaochen, Mr. Zhao Fuquan and Mr. Liu Kaixiang, as independent non-executive Directors.

* *For identification purpose only*