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**北京汽车**  
BAIC MOTOR

北京汽車股份有限公司

**BAIC MOTOR CORPORATION LIMITED\***

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

**(Stock Code: 1958)**

## ANNOUNCEMENT

### **PROPOSED AMENDMENTS TO RULES OF PROCEDURES FOR THE BOARD AMENDMENTS TO TERMS OF REFERENCE OF STRATEGY COMMITTEE OF THE BOARD AMENDMENTS TO TERMS OF REFERENCE OF AUDIT COMMITTEE OF THE BOARD APPOINTMENT OF MEMBER OF STRATEGY COMMITTEE OF THE BOARD**

The board of directors (the “**Board**”) of BAIC Motor Corporation Limited (the “**Company**”) hereby announces the proposed amendments to the Rules of Procedures for the Board, the Terms of Reference of Strategy Committee of the Board and the Terms of Reference of Audit Committee of the Board as well as the appointment of Ms. Meng Yulei as a member of the Strategy Committee of the Board.

The Company will convene a general meeting to approve the proposed amendments to the Terms of Reference of the Board. The 3 resolutions of amended Terms of Reference of Strategy Committee of the Board, amended Terms of Reference of Audit Committee of the Board and appointment of Ms. Meng Yulei as a member of the Strategy Committee of the Board will take effect after the general meeting approves the proposed amendments to the Terms of Reference of the Board. A circular containing, among other things, the details of the proposed amendments to the Terms of Reference of the Board, together with a notice of the general meeting, will be dispatched to the shareholders of the Company (“**Shareholders**”) in due course.

The Rules of Procedures for the Board, the Terms of Reference of Strategy Committee of the Board and the Terms of Reference of Audit Committee of the Board are written in Chinese without an official English version. Therefore, any English translation is for reference only. In case of inconsistency, the Chinese version shall prevail.

## Proposed amendments to the Rules of Procedures for the Board

The specific articles to be amended are as follows:

Articles	Original	Revised
<b>Article 8</b>	The Strategy Committee, Nomination Committee, Remuneration Committee and Audit Committee are established under the Board. All members of each of the special committee shall be comprised of directors (the specific number of members shall be stipulated by the terms of reference of each special committee).	(deleted)
<b>Article 9</b>	<p>Principal duties of the Strategy Committee are as follows:</p> <ol style="list-style-type: none"> <li data-bbox="320 619 1166 804">(1) to review and make suggestions for the medium-to-long-term development strategies (including overall-strategies, human resources strategies and operation strategies) and development plans and proposals of the Company, and to evaluate and monitor the implementation of such plans;</li> <li data-bbox="320 846 1166 917">(2) to review the annual operation plans and investment proposals of the Company;</li> <li data-bbox="320 959 1166 1102">(3) to review and make suggestions for plans regarding the increase or reduction of the registered capital, and proposals of corporate merger, division, and dissolution or change of the form of the Company;</li> <li data-bbox="320 1144 1166 1330">(4) to review and make suggestions for matters such as major investment, financing, guarantee, capital operation and asset operation which are subject to the approval of the Board or the chairman of the Board as authorized by the Board;</li> <li data-bbox="320 1372 1166 1557">(5) to review and make suggestions for matters such as major business reorganization, acquisition, merger and asset transfer which are subject to the approval of the Board or the chairman of the Board as authorized by the Board;</li> <li data-bbox="320 1600 1166 1704">(6) to review and make suggestions for the expansion to new markets, new business and new products of the Company;</li> <li data-bbox="320 1747 1166 1817">(7) to review and make suggestions for any major reorganization and restructuring proposal of the Company;</li> <li data-bbox="320 1859 1166 1930">(8) to guide and supervise the implementation of relevant Board resolutions;</li> <li data-bbox="320 1972 1166 2008">(9) other duties as conferred by the Board.</li> </ol>	(deleted)

<p><b>Article 10</b></p>	<p>Principal duties of the Nomination Committee are as follows:</p> <ol style="list-style-type: none"> <li>(1) to review the structure, size and composition (including the skills, knowledge and experience of directors) of the Board at least once a year, and make suggestions to the Board in respect of any proposed changes to the Board according to the corporate strategies of the Company, and the Committee shall formulate the Board diversity policy;</li> <li>(2) to examine the qualifications of candidates for directors, presidents and secretary to the Board and make suggestions to the Board in respect of the appointment or reappointment of directors and the succession plans of directors, particularly the chairman and president;</li> <li>(3) to assess the candidates for the secretary to the Board proposed by the chairman, and the candidates for vice presidents and financial officers proposed by the president and provide opinions to the Board;</li> <li>(4) to identify potential candidates from external talent markets within and outside China and within the Company;</li> <li>(5) to evaluate the independence of independent non-executive directors; and</li> <li>(6) other duties as conferred by the Board.</li> </ol>	<p>(deleted)</p>
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<p><b>Article 11</b></p>	<p>Principal duties of the Remuneration Committee are as follows:</p> <ol style="list-style-type: none"> <li>(1) to make suggestions for the general remuneration policies and structure for directors and senior management, and the establishment of formal and transparent procedures for the formulation of such remuneration policies, and to review the performance appraisal standards and conduct appraisal for directors and senior management, and to provide corresponding suggestions;</li> <li>(2) to review and approve the proposed remuneration of the management according to the corporate operating objectives, and to make suggestions to the Board for the specific remuneration treatment for directors and senior management, including the performance-based remuneration plans. The Remuneration Committee shall consider the factors including the remuneration paid by comparable companies, time commitment and duties of the directors, employment conditions of other positions of the Company, and whether the remuneration shall be based on the results performance;</li> <li>(3) to make suggestions to the Board for the specific remuneration for individual executive director and senior management members, including non-monetary benefits, pension rights and compensation (including compensation for the loss or termination of office or cease of appointment);</li> <li>(4) to make suggestions to the Board for the remuneration of the non-executive directors;</li> <li>(5) to make suggestions to the Board for the relevant compensation paid to executive director and senior management for their loss or termination of office or the end of their appointment, and the compensation arrangement regarding the removal or dismissal of directors due to misconduct (and to ensure the arrangements conform to the terms of contracts, or otherwise, the compensation shall be reasonable and appropriate);</li> <li>(6) to ensure a director shall not participate in determining his/her own remuneration;</li> <li>(7) other duties as conferred by the Board.</li> </ol>	<p>(deleted)</p>
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<p><b>Article 12</b></p>	<p>Principal duties of the Audit Committee are as follows:</p> <p>(1) to make suggestions for the appointment, reappointment and change of external auditors, handle issues relating to the resignation or removal of such external auditors and make suggestions for the appointment contracts and audit fees of relevant external auditors; to evaluate the work of the external auditors, and supervise the independence, objectivity, and the effectiveness, quality and results of work procedures of the external auditors.</p> <p>The Audit Committee shall discuss with the external auditor regarding the nature and scope of the audit and the relevant reporting obligations before the auditing work commences.</p> <p>The Audit Committee shall develop and implement policies on the engagement of an external auditor for non-audit services. For this purpose, any entity that is under common control, ownership or management with the audit firm, or any entity that is reasonably deemed as part of the domestic or international business of the audit firm by a reasonable and informed third party having knowledge of all relevant information shall be regarded as an external auditor. The Audit Committee shall report to the Board on any matters in respect of which it considers that action or improvement is needed and making recommendations as to the measures to be taken.</p> <p>(2) to supervise the internal audit system and its implementation.</p> <p>(3) to guide and evaluate the work of the internal auditing department, and to make suggestions as to the appointment and removal of the head of internal auditing department.</p> <p>(4) to review the financial information of the Company and its disclosure:</p> <p>The Audit Committee shall monitor the legitimacy and integrity of the financial statements, annual reports and accounts, interim reports and quarterly reports (if to be issued), and to review significant judgments relating to financial reporting contained therein. For this purpose, when reviewing the financial statements and reports of the annual reports and accounts, interim reports and quarterly reports (if to be issued) of the Company to be submitted to the Board, the Committee shall focus particularly on:</p>	<p>(deleted)</p>
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	<ol style="list-style-type: none"> <li>1. any changes in the accounting policies and practices;</li> <li>2. areas which involve significant judgments;</li> <li>3. significant adjustments according to the results of audit;</li> <li>4. assumptions on the ongoing operations of the Company and any qualified opinions;</li> <li>5. compliance with accounting standards;</li> <li>6. compliance with the applicable listing rules and other legal requirements in relation to financial reporting at the place of listing;</li> </ol> <p>In respect of the above, members of the Committee shall communicate with the Board, senior management and qualified accountant of the Company. The Committee shall meet, at least twice a year, with the Company's auditors. The Committee shall consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and shall give due consideration to any matters that have been raised by the Company's qualified accountant, compliance officer or auditors.</p> <p>(5) to review and supervise the effective implementation of the financial reporting system, internal control system and risk management system of the Company, including:</p> <ol style="list-style-type: none"> <li>1. to review and examine the financial control, internal control and risk management system of the Company;</li> <li>2. to discuss the internal control system with the management about the adequacy of resources, qualifications and experience of staff, training programs and budget of the accounting and financial reporting function of the Company so as to ensure the management has performed its duty to establish an effective internal control system;</li> <li>3. to review major findings on internal control matters and the responses of management on its own initiative or as delegated by the Board;</li> </ol>	
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	<ol style="list-style-type: none"> <li>4. where an internal audit function exists, to ensure co-ordination between the internal and external auditors; to ensure the internal audit function is provided with adequate resources and has appropriate standing within the Company; and to review and monitor its effectiveness;</li> <li>5. to review the financial and accounting policies of the Company and its implementation;</li> <li>6. to review the auditing report from external auditor to the management, queries raised by the audit or to the management about accounting records, financial accounts or control systems and the responses from the management;</li> <li>7. to ensure the timely responses of Board to the issues raised in the auditing report from the external auditor;</li> <li>8. to report to the Board in respect of the issues set out in this article;</li> <li>9. to consider other issues raised by the Board.</li> </ol> <p>(6) to evaluate and discuss the following arrangements formulated by the Company: whistle blowing system for employees of the Company to report on any potential misconducts regarding the financial reporting, internal control and other aspects of the Company; to ensure that the Company has put in place appropriate arrangements to carry out fair and independent investigation and follow-up actions for such issues; to serve as the major channel between the Company and the external auditor and to supervise their relationship.</p> <p>(7) other duties as conferred by the Board.</p>	
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The amendments are subject to the consideration and approval of the general meeting of the Company.

## Amendments to the Terms of Reference of Strategy Committee of the Board

The specific articles to be amended are as follows:

Article	Original	Revised
<b>Article 3</b>	The Strategy Committee shall comprise ten <b>directors</b> who shall be nominated by the chairman of the Board and elected by a majority of the members of the Board. Upon the approval of the resolution for the election of members, the appointment of the newly-elected committee member shall become effective immediately after such resolution of the Board takes effect.	The Strategy Committee shall comprise ten <b>members</b> who shall be nominated by the chairman of the Board and elected by a majority of the members of the Board. Upon the approval of the resolution for the election of members, the appointment of the newly-elected committee member shall become effective immediately after such resolution of the Board takes effect.
<b>Article 5</b>	The term of office of the members of the Committee shall be the same as that of the directors. A member of the Committee may serve consecutive terms if re-elected upon the expiry of his/her term of office. <b><u>If any member ceases to be a director of the Company during his/her term of office,</u></b> he shall ipso facto and immediately cease to hold the position of the member of the Committee.	The term of office of the members of the Committee shall be the same as that of the directors. A member of the Committee may serve consecutive terms if re-elected upon the expiry of his/her term of office. <b><u>If any member serving as a director of the Company ceases to be a director of the Company during his/her term of office,</u></b> he shall ipso facto and immediately cease to hold the position of the member of the Committee.
<b>Article 21</b>	The secretary of the Board of the Company shall attend meetings of the Committee, and other directors of the Company, relevant senior management, personnel of relevant functional departments of the Company as well as relevant experts, scholars and representative of intermediary agency may be invited to attend the meeting when necessary. Persons attending the meeting shall give explanations on relevant matters at the request of the members of the Committee.	The secretary of the Board of the Company shall attend meetings of the Committee, and other directors of the Company, relevant senior management, personnel of relevant functional departments of the Company as well as relevant experts, scholars and representative of intermediary agency may be invited to attend the meeting when necessary. Persons attending the meeting shall give explanations on relevant matters at the request of the members of the Committee. <b><u>The chairman of the board of supervisors can attend the Committee meetings in non-voting capacity.</u></b>

The above amendments will take effect together with the amended Terms of Reference of the Board.



## Amendments to the Terms of Reference of Audit Committee of the Board

The specific articles to be amended are as follows:

Article	Original	Revised
<p><b>Article 10</b></p>	<p>.....</p> <p>(5) to review and supervise the effective implementation of the financial reporting system, internal control system and risk management system of the Company, including:</p> <p>1. to review and examine the financial control, internal control and risk management system of the Company;</p> <p>2. to discuss the internal control system with the management about the adequacy of resources, qualifications and experience of staff, training programmes and budget of the accounting and financial reporting function of the Company so as to ensure the management has performed its duty to establish an effective internal control system;</p> <p>3. to review major findings on internal control matters and the responses of management on its own initiative or as delegated by the Board;</p> <p>.....</p>	<p>.....</p> <p>(5) to review and supervise the effective implementation of the <b><u>financial reporting, risk management and internal control systems</u></b> of the Company, including:</p> <p><b><u>1. to examine and discuss the effectiveness of the financial control, risk management and internal control systems and related regulations and procedures of the Company;</u></b></p> <p><b><u>2. to discuss the design, implementation and monitoring of the risk management and internal control system</u></b> with the management <b><u>as to financial, operational and compliance monitoring and other material matters</u></b> so as to ensure the management has performed its duty to establish effective systems. The discussion shall include the adequacy of resources, qualifications and experience of staff, training programmes and budget of the accounting, <b><u>internal audit</u></b> and financial reporting function of the Company. <b><u>The discussion shall also include the procedures and internal controls for handling and dissemination of inside information. In respect of the forgoing matters, the Committee shall discuss with the management at least once a year;</u></b></p> <p>3. to review major findings on <b><u>risk management and</u></b> internal control matters and the responses of management on its own initiative or as delegated by the Board;</p> <p>.....</p>

<b>Article 22</b>	The secretary of the Board of the Company shall attend meetings of the Committee, and other directors of the Company, relevant senior management, personnel of relevant functional departments of the Company as well as relevant experts, scholars and representative of intermediary agency may be invited to attend the meeting when necessary. Persons attending the meeting shall give explanations on relevant matters at the request of the members of the Committee.	The secretary of the Board of the Company shall attend meetings of the Committee, and other directors of the Company, relevant senior management, personnel of relevant functional departments of the Company as well as relevant experts, scholars and representative of intermediary agency may be invited to attend the meeting when necessary. Persons attending the meeting shall give explanations on relevant matters at the request of the members of the Committee. <b><u>The chairman of the board of supervisors can attend the Committee meetings in non-voting capacity.</u></b>
<b>Article 28</b>	Departments including the audit department, compliance and supervision department and legal affairs department are the decision-supporting departments of the Committee and shall provide relevant materials, draft relevant documents and make suggestions as required by the Committee.	Departments including the audit department, <b><u>the finance and accounting department,</u></b> the compliance and supervision department and legal affairs department are the decision-supporting departments of the Committee and shall provide relevant materials, draft relevant documents and make suggestions as required by the Committee.

The above amendments will take effect together with the amended Terms of Reference of the Board.

### **Appointment of member of the Strategy Committee of the Board**

The Board is pleased to announce the appointment of Ms. Meng Yulei as a member of the Strategy Committee of the Board of the Company for a term commencing from the date on which the Terms of Reference of Strategy Committee of the Board become effective and ending on the date on which the second session of the Board of the Company concludes.

The biographic details of Ms. Meng Yulei are as follows:

Ms. Meng Yulei, aged 52, a member of the Communist Party of China and a senior economist.

From August 1987 to February 2003, Ms. Meng Yulei served as a teacher in the Teaching and Research Office for Literature and History of the Party School of the CPC Committee of Heilongjiang Province; a clerk in the office of the CPC Committee, a secretary of the Youth League Committee and the manager of the human resources department of Heilongjiang Cereals Oils & Foodstuffs Import/Export (Group) Corporation; the executive vice general manager of Harbin Singapore Hotel, a foreign-owned 5-star hotel; the assistant to the president of Bright Oceans Corporation; from March 2003 to November 2005, she was the assistant to the president and concurrently the general manager of the marketing department of China Spacesat Co., Ltd.; from December 2005 to November 2006, she was the vice general manager of Beijing Aerospace Satellite Application Corporation; from December 2006 to present, she was the vice general manager of China Aerospace Investment Holdings Ltd. and concurrently the chairperson of the labour union since November 2009, and concurrently the secretary of the discipline committee since October 2012.

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

Beijing, 20 October 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 purposes only*