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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)

REVISION OF ANNUAL CAP FOR EXISTING CONTINUING CONNECTED TRANSACTION

1. BACKGROUND

Reference is made to the Connected Transactions section of the prospectus of BAIC Motor Corporation Limited (the “**Company**”) dated December 9, 2014 (the “**Prospectus**”) in relation to, among other things, the continuing connected transaction between the Company and Connected Persons (as defined by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)), i.e. the sales of vehicles by Beijing Benz Automotive Co., Ltd. (“**Beijing Benz**”) to Daimler AG and its associates (the “**Continuing Connected Transaction**”). Detailed description of the Continuing Connected Transaction shall be referred to the Connected Transactions section of the Prospectus. Unless the context otherwise requires, terms used in this announcement shall have the same meaning as those defined in the Prospectus.

According to the latest business development plans of the Company, it is expected that the existing annual cap of the Continuing Connected Transaction (the “**Existing 2016 Annual Cap**”) will be unable to cover the Company’s annual amount for 2016. The board of directors of the Company (the “**Board**”) therefore proposes that the Existing 2016 Annual Cap be revised in order to cater for the Company’s demand for the year of 2016. The revised annual cap (the “**Revised 2016 Annual Cap**”) is subject to the reporting, annual review, and announcement requirements, but is exempted from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

2. DETAILS

The Board has proposed to revise the Existing 2016 Annual Cap to the Revised 2016 Annual Cap as follows:

Unit: RMB million

Nature of transaction	Existing 2016 Annual Cap	Revised 2016 Annual Cap	Additional cap applied for the Revised 2016 Annual Cap
Sales of vehicles by Beijing Benz to Daimler AG and its associates	65	110	45

3. REASONS FOR AND BASIS OF REVISION OF ANNUAL CAP

The number of sales of vehicles by Beijing Benz to Daimler AG and its associates is based on the actual demand of vehicles on a case-by-case basis, which is driven by various factors, including but not limited to (i) new vehicle models' testing and marketing activities; (ii) the demand of vehicle models' research, development and upgrade; and (iii) satisfaction of the demand of other internal usages for daily operation. As the number of test vehicle models planned to be purchased by Daimler AG and its associates in 2016 increased significantly recently, and the unit prices also increased significantly due to the upgrade of the vehicle models planned to be purchased, the annual cap amount of such Continuing Connected Transaction increases.

The Revised 2016 Annual Cap was estimated on the basis of: (i) the anticipated demand and consumption of vehicles by Daimler AG and its associates; and (ii) the transaction volume purchased by Daimler AG from Beijing Benz in the past.

4. EFFECTIVE DATE

The Revised 2016 Annual Cap will become effective on the date when the Board approved the resolution in relation to the Revised 2016 Annual Cap of such Continuing Connected Transaction.

5. HISTORICAL FIGURES

From January 1, 2016 to September 30, 2016, the sales of vehicles by Beijing Benz to Daimler AG and its associates are approximately RMB59 million (unaudited).

6. REASONS FOR AND BENEFITS OF THE TRANSACTION

To maintain the high quality of Mercedes-Benz branded passenger vehicle, Daimler AG closely monitors the quality of vehicles manufactured by Beijing Benz, and therefore it purchases Mercedes-Benz branded passenger vehicles manufactured by Beijing Benz for research, development and testing purposes. In addition, Daimler AG and its associates purchase vehicles produced by Beijing Benz for marketing, promotion and their own use. Such transactions have promoted the business operations and increases of Beijing Benz and the Company, and will continue to do so. The continuation of the Continuing Connected Transactions will be beneficial to the Company and its shareholders as a whole.

7. LISTING RULES IMPLICATIONS

Daimler AG is a substantial shareholder of the Company holding 10.08% of the Company's total issued share capital as well as a substantial shareholder of our subsidiary, Beijing Benz, holding a 49.00% equity interest in it. According to the Listing Rules, Daimler AG and its associates are connected persons of the Company. The transaction between the Company and Daimler AG and its associates constitutes a continuing connected transaction of the Company under the Listing Rules.

As the highest applicable ratio of the contemplated sales of vehicles by Beijing Benz to Daimler AG and its associates exceeds 0.1% but is lower than 5% as defined by the Listing Rules, the Continuing Connected Transaction and the relevant annual cap 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.

8. CONFIRMATION BY THE BOARD

The directors of the Company (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 Transaction as these transactions have facilitated and will continue to facilitate the operation and growth of the Company's business; (b) the Continuing Connected Transaction has 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 was entered into in the ordinary and usual course of business of the Company, is fair and reasonable and in the interests of the Company and its shareholders as a whole; and (c) that the Revised 2016 Annual Cap is fair and reasonable and is in the interests of the Company and its shareholders as a whole.

On November 18, 2016, the Board considered and approved the resolution in relation to the Revised 2016 Annual Cap of the Continuing Connected Transaction. As Hubertus Troska and Bodo Uebber, the Directors, are also the directors of Daimler AG, they are deemed to have material interests in the Continuing Connected Transaction. They have abstained from voting on the resolution of the Revised 2016 Annual Cap.

9. GENERAL INFORMATION

9.1 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.

9.2 Beijing Benz

Beijing Benz (previously known as Beijing Jeep Motor Co., Ltd. and Beijing Benz-Daimler Chrysler Automotive Co., Ltd.) is a company incorporated in China on July 1, 1983 and a subsidiary of the Company with 51.0% equity interest owned by the Company, 38.665% owned by Daimler AG and 10.335% owned by Daimler Greater China. Its scope of business ranges from research and development, engines and complete vehicles production and sales and related services.

9.3 Daimler AG

Daimler AG is a company established in Germany in 1886. Daimler AG is one of the largest producers of premium cars and commercial vehicles in terms of sales volume globally. Its principal businesses include producing premium automobiles, trucks, vans and buses, and providing tailored services around these products.

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

Beijing, the PRC, November 18, 2016

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, 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