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If you are in doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant 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 of Directors for 2017
Report of the Board of Supervisors for 2017
Financial Report for 2017
Profits Distribution and Dividends Distribution Plan for 2017
Re-appointment of International Auditor and Domestic Auditor for 2018
Revision of the 2018 and 2019 Annual Caps for the Discloseable and
Continuing Connected Transactions under the Financial Services
Framework Agreement
Proposed Appointment of Non-executive Directors
General Mandate for the Issuance of
Onshore and Offshore Debt Financing Instruments
General Mandate for the Issuance of Shares
General Mandate for the Repurchase of Shares
Proposed Amendments to the Articles of Association
Notice of 2017 Annual General Meeting
Notice of 2018 First Domestic Shareholders Class Meeting
and
Notice of 2018 First H Shareholders Class Meeting
Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders

Gram Capital Limited

A letter from the Board is set out on pages 5 to 25 of this circular.

The notices of the AGM and Shareholders Class Meetings to be held at 9:30 a.m. on Friday, June 29, 2018 at Multi-purpose Hall, 1st Floor, the South Tower of Beijing Automotive Industry Research and Development Base, No. 99 Shuanghe Street, Renhe Town, Shunyi District, Beijing, the PRC are set out on pages 47 to 53 of this circular. The forms of proxy for use at the AGM and Shareholders Class Meetings are also enclosed. Such forms of proxy are also published on the HKExnews website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).

Whether or not you propose to attend the AGM and/or the Shareholders Class Meetings, 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 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and for holders of Domestic Shares, the form of proxy shall be returned to the Board of Directors' Office of the Company at Room 3-062, Tower A, Beijing Automotive Industry Research and Development Base, No. 99 Shuanghe Street, Renhe Town, Shunyi District, Beijing, the PRC as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the AGM, the Shareholders Class Meetings 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, the Shareholders Class Meetings or any adjournment thereof if they so wish.

In the event that you intend to attend or appoint a proxy to attend the AGM and/or Shareholders Class Meeting(s) in person, you are requested to complete and return the enclosed reply slip 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 (for holders of H Shares), or to the Board of Directors' Office of the Company at Room 3-062, Tower A, Beijing Automotive Industry Research and Development Base, No. 99 Shuanghe Street, Renhe Town, Shunyi District, Beijing, the PRC (for holders of Domestic Shares), on or before Saturday, June 9, 2018.

* *For identification purpose only*

May 15, 2018

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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 2017 to be convened and held |
| “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 |
| “BAIC Finance” | BAIC Group Finance Co., Ltd. (北京汽車集團財務有限公司), a non-banking financial institution incorporated in the PRC, and a subsidiary of BAIC Group, the controlling shareholder of the Company |
| “BAIC Group” | Beijing Automotive Group Co., Ltd. (北京汽車集團有限公司), a state-owned enterprise incorporated in the PRC, and the sole controlling shareholder of the Company |
| “Beijing Benz” | Beijing Benz Automotive Co., Ltd. (北京奔馳汽車有限公司) |
| “Board” or “Board of Directors” | the board of directors of the Company |
| “Board of Supervisors” | the board of supervisors of the Company |
| “CBRC” | China Banking Regulatory Commission (中國銀行業監督管理委員會) |
| “Company” or “our Company” | BAIC Motor Corporation Limited (北京汽車股份有限公司), a joint stock limited company incorporated in the People’s Republic of China with limited liability, whose H Shares are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1958) |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “connected transaction(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |

DEFINITIONS

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|---|--|
| “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 |
| “Domestic Shareholders Class Meeting” | the First Domestic Shareholders Class Meeting to be convened and held by the Company in 2018 |
| “Financial Services Framework Agreement” | the financial services framework agreement entered into between the Company and BAIC Finance on October 20, 2016 |
| “General Mandate for the Issuance of Shares” | the general mandate 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 respectively as at the date of the passing of relevant resolution, and make corresponding amendments to the Articles of Association as it thinks fit for allotment, issuance of and dealing with such Shares |
| “General Mandate for the Repurchase of Shares” | the general mandate granted to the Board to, independently or simultaneously, repurchase Shares that shall not exceed 10% of Domestic Shares and/or overseas listed foreign invested shares (H Shares) of the Company respectively as at the date of the passing of relevant resolution, and make corresponding amendments to the Articles of Association as it thinks fit for repurchasing and dealing with such Shares |
| “Gram Capital” or “Independent Financial Adviser” | Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the revision of the maximum daily balance of and annual caps for interest income from deposits placed by the Group with BAIC Finance for 2018 and 2019 under the Financial Services Framework Agreement |
| “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 and traded on the Hong Kong Stock Exchange |
| “H Shareholders Class Meeting” | the First H Shareholders Class Meeting to be convened and held by the Company in 2018 |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Hong Kong Dollars” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Independent Board Committee” | an independent committee of the Board comprising all independent non-executive Directors, namely, Mr. Ge Songlin, Mr. Wong Lung Tak Patrick, Mr. Bao Robert Xiaochen, Mr. Zhao Fuquan and Mr. Liu Kaixiang, which was established to advise the Independent Shareholders in relation to the revision of the maximum daily balance of and annual caps for interest income from deposits placed by the Group with BAIC Finance for 2018 and 2019 under the Financial Services Framework Agreement |
| “Independent Shareholders” | Shareholders (other than BAIC Group and its associates) who are not required to abstain from voting on the resolution to be proposed at the 2017 annual general meeting of the Company in relation to the revision of the maximum daily balance of and annual caps for interest income from deposits placed by the Group with BAIC Finance for 2018 and 2019 under the Financial Services Framework Agreement |
| “Latest Practicable Date” | May 11, 2018 |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “PRC” or “China” | The People’s Republic of China, for the purpose of this circular only, excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan |

DEFINITIONS

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|--------------------------------|--|
| “RMB” or “Renminbi” | Renminbi, the lawful currency of the PRC |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Shareholder(s)” | the shareholder(s) of the Company |
| “Shareholders Class Meetings” | the H Shareholders Class Meeting and the Domestic Shareholders Class Meeting |
| “Shares” | Domestic Shares and H Shares |
| “Subsidiary” or “Subsidiaries” | has the meaning ascribed to it under the Listing Rules |
| “Supervisor(s)” | the supervisor(s) of the Company |
| “Takeovers Code” | The Codes on Takeovers and Mergers and Share Repurchases, as amended from time to time |
| “%” | percentage |

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

Registered Address:

Mr. Xu Heyi

*Chairman of the Board and
non-executive Director*

A5-061, Unit 101
5th Floor, Building No. 1
Courtyard No. 99
Shuanghe Street
Shunyi District
Beijing 101300
the PRC

Mr. Zhang Xiyong

Non-executive Director

Mr. Zhang Jianyong

Non-executive Director

Mr. Chen Hongliang

Executive Director

Mr. Qiu Yinfu

Non-executive Director

Mr. Hubertus Troska

Non-executive Director

Mr. Bodo Uebber

Non-executive Director

Mr. Guo Xianpeng

Non-executive Director

Ms. Wang Jing

Non-executive Director

Mr. Zhu Baocheng

Non-executive Director

Headquarter:

No. 99 Shuanghe Street
Renhe Town
Shunyi District
Beijing 101300
the PRC

Mr. Ge Songlin

Independent non-executive Director

Mr. Wong 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

*Principal place of
business in Hong Kong:*
36/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

May 15, 2018

To the Shareholders

Report of the Board of Directors for 2017
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LETTER FROM THE BOARD

I. INTRODUCTION

The Company intends to hold the AGM and Shareholders Class Meetings at 9:30 a.m. on Friday, June 29, 2018 at Multi-purpose Hall, 1st Floor, the South Tower of Beijing Automotive Industry Research and Development Base, No. 99 Shuanghe Street, Renhe Town, Shunyi District, Beijing, the PRC. The notices to convene the AGM and Shareholders Class Meetings are set out on pages 47 to 53 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 Shareholders Class Meetings and provide all the information reasonably required 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 of Directors for 2017

An ordinary resolution will be proposed at the AGM to approve the report of the Board of Directors for 2017, the full text of which is included in the annual report published by the Company on April 25, 2018 at the Company's website and the HKExnews website of the Hong Kong Stock Exchange.

2. Report of the Board of Supervisors for 2017

An ordinary resolution will be proposed at the AGM to approve the report of the Board of Supervisors for 2017, the full text of which is included in the annual report published by the Company on April 25, 2018 at the Company's website and the HKExnews website of the Hong Kong Stock Exchange.

3. Financial Report for 2017

An ordinary resolution will be proposed at the AGM to approve the financial report for 2017.

The financial report for 2017 prepared by the Company according to Chinese Accounting Standards is summarized as follows:

(1) Revenue and profit

In 2017, the Company's consolidated statements recorded operating income of RMB140,660.5 million; cost of sales and tax of RMB107,010.8 million. The net profit for the year was RMB10,998.3 million, of which RMB2,252.8 million was attributable to the equity holders of the Company.

LETTER FROM THE BOARD

(2) Cash flows

In 2017, the net cash generated from operating activities in the Company's consolidated statements was RMB20,460.0 million. The net cash used in investing activities was RMB-6,538.3 million. The net cash used in financing activities was RMB-13,111.1 million. The net increase of cash and cash equivalents was RMB761.0 million.

(3) Assets and liabilities

As of December 31, 2017, the total assets in the consolidated statements of the Company were RMB167,403.0 million. The total liabilities were RMB107,762.1 million. The total equity was RMB59,640.9 million, of which the total equity attributable to equity shareholders of the Company was RMB40,836.0 million.

The financial report for 2017 prepared by the Company according to International Financial Reporting Standards is summarized as follows:

(1) Revenue and profit

In 2017, the Company's consolidated statements recorded revenue of RMB134,158.5 million, cost of sales of RMB98,659.3 million, and distribution and administrative costs of RMB16,926.5 million. The net profit for the year was RMB10,998.3 million, of which RMB2,252.8 million was attributable to the equity holders of the Company.

(2) Cash flows

In 2017, the net cash generated from operating activities in the Company's consolidated statements was RMB19,502.8 million. The net cash used in investing activities was RMB-6,538.3 million. The net cash used in financing activities was RMB-12,153.9 million. The net increase of cash and cash equivalents was RMB810.6 million.

(3) Assets and liabilities

As of December 31, 2017, the total assets in the consolidated statements of the Company were RMB167,403.0 million. The total liabilities were RMB107,762.1 million. The total equity was RMB59,640.9 million, of which the total capital and reserves attributable to the equity holders of the Company were RMB40,836.0 million.

4. Profits Distribution and Dividends Distribution Plan for 2017

Reference is made to the announcement of the Company dated March 22, 2018 in relation to the annual results of the Group for the year ended December 31, 2017, as well as the announcements of the Company dated April 25, 2018 and May 3, 2018 in relation to the placing of H Shares.

LETTER FROM THE BOARD

Relevant resolution was passed at a meeting of the Board held on March 22, 2018, and the Board proposed to distribute a final dividend of RMB0.1 per share (tax inclusive) for the year ended December 31, 2017, totalling approximately RMB759,533,818.20.

The Company has completed the placing of 420,000,000 H Shares on May 3, 2018. As a result, the number of the total issued Shares has been increased from 7,595,338,182 Shares to 8,015,338,182 Shares. On May 15, 2018, the Board resolved to make the adjustment to the Company's profit distribution plan for the year 2017 based on the enlarged total issued share capital of the Company after completion of the aforesaid placing (being 8,015,338,182 Shares), and to propose to distribute a final dividend of RMB0.1 per share (inclusive of tax, with dividends on Domestic Shares to be paid in Renminbi and dividends on H Shares to be paid in Hong Kong dollars. The exchange rate of Hong Kong dollars shall be calculated on the basis of the average closing price of Hong Kong dollars to Renminbi as announced by the People's Bank of China five working days prior to the declaration of distribution of dividends) for the year ended December 31, 2017, totalling approximately RMB801,533,818.20. Expected date of distribution will be no later than August 24, 2018.

As the above adjustment to the profit distribution plan for the year 2017 took place after the date of the completion of the audit of the financial statements of the Group for the year ended December 31, 2017, which was March 22, 2018, it has not been disclosed in the audited financial statements of the Group for the year ended December 31, 2017 pursuant to the International Financial Reporting Standard, but will be reflected in the financial statements of the Group for the six months ending June 30, 2018.

The Company will distribute final dividend for the year ended December 31, 2017 in cash to the Shareholders whose names appear on the register of members of the Company on Wednesday, July 11, 2018. The above dividend is subject to the approval of Shareholders at the AGM to be held on Friday, June 29, 2018.

Pursuant to the Enterprise Income Tax Law of PRC effective from January 1, 2008 and its implementation provisions and relevant regulations, the Company is obliged to withhold and pay enterprise income tax at a rate of 10% when it distributes the 2017 final dividend to the non-resident enterprise shareholders whose names are registered in the register of members of H Shares. Any shares which are registered in the name(s) of non-individual H Shareholder(s), including the HKSCC Nominees Limited, other agents or trustees, or other organizations and societies shall be deemed to be Shares held by non-resident enterprise shareholders, and therefore the PRC enterprise income tax shall be deducted from their dividends payable to such shareholders.

Pursuant to the provisions under Guoshui Han [2008] No. 897 and Guoshui Han [2008] No. 112 and relevant laws and regulations, the Company shall withhold and pay enterprise income tax on the dividends at the tax rate of 10% for overseas non-resident enterprise shareholders. Non-resident enterprise shareholders receiving the dividends may, or may entrust a withholding agent or our Company to, apply to the competent tax authorities for the entitlement of tax treatment under the tax treaty (arrangements) by providing all the materials of the actual beneficial owner in compliance with the provisions of the tax treaty (arrangements). The difference of the tax shall be refunded by the competent tax authority upon audit.

LETTER FROM THE BOARD

Pursuant to the provisions under Caishui [2014] No. 81 and relevant laws and regulations, for domestic individual investors who receive dividend gains derived from investment via the Shanghai-Hong Kong Stock Connect, the Company shall withhold and pay individual income tax at the rate of 20% on their behalf in accordance with the register of individual domestic investor as provided by the China Securities Depository and Clearing Corporation Limited. For domestic securities investment funds receiving dividend gains derived from investment via the Shanghai-Hong Kong Stock Connect, the taxable personal income shall be in accordance with the aforesaid provisions.

The record date of equity of the southbound investors of Shanghai-Hong Kong Stock Connect and the date of distribution of cash dividends and time arrangements will be the same as those for H Shareholders of the Company.

Should the H Shareholders of the Company have any doubt in relation to the aforesaid arrangements, please consult their tax advisers for relevant tax impact in the Mainland China, Hong Kong (or Macau) and other countries (regions) on the possession and disposal of the H Shares of the Company.

5. Re-appointment of International Auditor and Domestic Auditor for 2018

An ordinary resolution will be proposed at the AGM to approve the re-appointment of PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP as the international auditor and domestic auditor of the Company for 2018 respectively for a term of office until next annual general meeting, and authorize the management of the Company to determine their respective audit fees.

6. Revision of the 2018 and 2019 Annual Caps for the Discloseable and Continuing Connected Transactions Under the Financial Services Framework Agreement

6.1 Background

Reference is made to the announcement of the Company dated March 22, 2018 (the “**Announcement**”) in relation to the revision of annual caps for certain continuing connected transactions of the Company including the revision of the 2018 and 2019 annual caps for the continuing connected transactions under the Financial Services Framework Agreement.

As disclosed in the Announcement, the Board resolved on March 22, 2018 to revise the 2018 and 2019 annual caps in respect of (i) the maximum daily balance of deposits placed by the Group with BAIC Finance from RMB12,500.0 million and RMB12,500.0 million to RMB16,000.0 million and RMB16,000.0 million, respectively; and (ii) interest income from deposits placed by the Group with BAIC Finance from RMB193.2 million and RMB193.2 million to RMB292.8 million and RMB292.8 million, respectively.

LETTER FROM THE BOARD

6.2 The Annual Caps for the Continuing Connected Transactions under the Financial Services Framework Agreement

Pursuant to the Financial Services Framework Agreement, BAIC Finance will provide financial services to the Group, and such financial services primarily include (i) deposits; (ii) loans and entrusted loan; (iii) other financial services including discounted notes and acceptance service, finance lease, settlement and entrusted loan agency; and (iv) other services subject to obtaining relevant approvals from CBRC. As disclosed in the circular of the Company dated November 12, 2016, the maximum daily balance of and annual caps for interest income from deposits placed by the Group with BAIC Finance under the Financial Services Framework Agreement for the three years ending 31 December 2019 are set out as follows:

| | Annual Caps | | |
|---|---|--|--|
| | Year ended December 31, 2017 (RMB million) | Year ending December 31, 2018 (RMB million) | Year ending December 31, 2019 (RMB million) |
| Maximum daily balance of deposits placed by the Group with BAIC Finance | 12,500.0 | 12,500.0 | 12,500.0 |
| Interest income from deposits placed by the Group with BAIC Finance | 193.2 | 193.2 | 193.2 |

6.3 Actual Transaction Amounts for the Year Ended December 31, 2017

As known to the Directors, the actual maximum daily balance of and interest income from deposits placed by the Group with BAIC Finance for the year ended December 31, 2017 were as follows.

| | Actual Transaction Amounts Year ended December 31, 2017 (RMB million) |
|---|--|
| Maximum daily balance of deposits placed by the Group with BAIC Finance | 12,389.6 |
| Interest income from deposits placed by the Group with BAIC Finance | 134.8 |

LETTER FROM THE BOARD

6.4 Revised Annual Caps for the Two Years Ending 31 December 2019

Based on the estimation of the maximum daily balance of and interest income from deposits placed by the Group with BAIC Finance for the years of 2018 and 2019, the Board resolved on 22 March 2018 to revise the relevant 2018 and 2019 annual caps as follows:

| | Revised Annual Caps | |
|---|----------------------------|----------------------|
| | Year ending | Year ending |
| | December 31, | December 31, |
| | 2018 | 2019 |
| | <i>(RMB million)</i> | <i>(RMB million)</i> |
| Maximum daily balance of deposits placed by the Group with BAIC Finance | 16,000.0 | 16,000.0 |
| Interest income from deposits placed by the Group with BAIC Finance | 292.8 | 292.8 |

Note: The maximum daily balance of deposits placed by the Group with BAIC Finance was estimated on a daily basis and included both principal and accrued interest of the deposits, while the cap for interest income from deposits placed by the Group with BAIC Finance was estimated on an annual and accumulative basis.

6.5 Basis of Determination of the Revised 2018 and 2019 Annual Caps

In determining the revised maximum daily balance of deposits placed by the Group with BAIC Finance under the Financial Services Framework Agreement mentioned above, the Company mainly considers the following factors:

- (i) Historical and expected sales income of the Group: part of the sales income received by the Group is usually represented by the Company's deposits in banks and BAIC Finance. The increase in sales income will directly affect the Group's deposit balances in banks and BAIC Finance. In 2017, the Group recorded an increase of 15.5% in sales income as compared with that in 2016, of which Beijing Benz continued to grow rapidly with total sales of 423,000 vehicles, representing a year-on-year increase of 33.3%. The revenue related to Beijing Benz increased from RMB85,312.0 million in 2016 to RMB116,772.9 million in 2017, representing a year-on-year increase of 36.9%. It is expected that the sales income of the Group will continue to increase in 2018 and 2019; and
- (ii) The total balance of deposits placed by the Group as at December 31, 2017 recorded an increase of 26.7% as compared with that as at September 30, 2016 which was taken as reference when the Financial Services Framework was signed.

LETTER FROM THE BOARD

In determining the revised annual caps for interest income from deposits placed by the Group with BAIC Finance under the Financial Services Framework Agreement mentioned above, the Company mainly considers the following factors:

- (i) the revised maximum daily balance of deposits placed by the Group with BAIC Finance under the Financial Services Framework Agreement for 2018 and 2019; and
- (ii) main type of deposits placed by the Group with BAIC Finance in the past and corresponding interest rates: the interest rates of main type of deposits placed by the Group with BAIC Finance in 2017 ranged from approximately 1.5% to 2.0%.

6.6 Internal Control Measures

The Company has formulated internal control policies and the finance center of the Company is responsible for implementation of such policies. All cash inflow and outflow of the Group should be considered under a unified budget system. In addition, the Company's vice president who is in charge of finance affairs and his/her team will be responsible for closely monitoring such continuing connected transactions.

To ensure that the pricing terms of transactions under Financial Services Framework Agreement are normal commercial terms, the Company has applied and fully implemented the internal control policies for each transaction. In accordance with the policies of the People's Bank of China, various banks and BAIC Finance, the Group's capital management team will update the statement of deposit rates of various financial institutions on a monthly basis and prioritize the institutions with the most favourable rate for deposit. In addition, according to relevant internal control requirements, capital management team, the financial department, audit department, legal department and other relevant departments will conduct review based on the transaction type and corresponding approved amount of each transaction to ensure that the pricing terms of transactions under Financial Services Framework Agreement are on normal commercial terms.

The Group's capital management team compile statistics of the daily balance deposited with BAIC Finance to ensure compliance with regulatory requirements. In addition, the capital management team conducts analysis and produce monthly supervision and control reports on the deposits placed with various financial institutions.

The management of the Company will prepare periodic risk assessment reports of the funds deposited with BAIC Finance. The contents of such risk assessment reports will include the maximum daily balance of the deposits during the reporting period and the deposits with BAIC Finance during the reporting period.

LETTER FROM THE BOARD

The independent non-executive Directors will, on an annual basis, specially review implementation and execution of transactions under the Financial Services Framework Agreement independently. If the independent non-executive Directors are of the opinion that the decrease in deposits with BAIC Finance is in the interest of the Company, the Company will take appropriate measures to implement the decisions 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 to comply with the terms of the Financial Services Framework Agreement), 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, the Company would engage its auditors to audit connected transactions between the Company and BAIC Group to ensure that the transactions under the Financial Services Framework Agreement have been conducted in accordance with the Listing Rules and the relevant disclosure requirements have been complied with.

6.7 Listing Rules Implications

As at the Latest Practicable Date, BAIC Group, the sole controlling shareholder and connected person of the Company, holds 56% equity interests in BAIC Finance, thus BAIC Finance is an associate of BAIC Group. Therefore, BAIC Finance is a connected person of the Company and the transactions contemplated between the Group and BAIC Finance under the Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the revised maximum daily balance of and revised annual caps for interest income from deposits placed by the Group with BAIC Finance for 2018 and 2019 under the Financial Services Framework Agreement exceeds 5%, but are all less than 25%, the placing of deposits at BAIC Finance by the Group contemplated under the Financial Services Framework Agreement constitute discloseable transactions and continuing connected transactions of the Company, and the above-mentioned revision of maximum daily balance of and annual caps for interest income from deposits placed by the Group with BAIC Finance for 2018 and 2019 under the Financial Services Framework Agreement shall be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14 & 14A of the Listing Rules.

The following Directors, being Mr. Xu Heyi, Mr. Zhang Xiyong and Mr. Zhang Jianyong, also hold office in BAIC Group. Therefore, they were deemed to have material interests in the above-mentioned continuing connected transactions contemplated between the Group and BAIC Finance and thus have abstained from voting on the relevant resolution at the Board meeting. Save for the above persons, none of the other Directors has any interest in such transactions.

LETTER FROM THE BOARD

6.8 *General Information*

Information on the Company

The Company is a company limited by shares incorporated in China. It 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.

Information on BAIC Finance

BAIC Finance is a non-banking financial institution incorporated in November 2011 in the PRC, which 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 People's Bank of China and CBRC. The main scope of business of BAIC Finance includes: providing financial and financing consultancy, credit certification and related consultancy and agency services; assisting with settlement; conducting approved insurance agency business; providing guarantees; processing entrusted loans; providing bill acceptance and discount; processing the settlement of internal transfers between accounts and formulating plans for relevant settlement and clearing; taking deposits; processing loans and finance leasing; conducting inter-borrowings; underwriting corporate bonds of its members; providing consumption loans for products of its members, loans to purchasers and finance leasing; and investing in fix income securities. The registered capital of BAIC Finance is RMB2.5 billion for the time being, which is owned as to 56% by BAIC Group, as to 20% by BAIC Investment Co., Ltd. (北京汽車投資有限公司), as to 14% by Beiqi Foton Motor Co., Ltd. (北汽福田汽車股份有限公司) and as to 10% by Beijing Hainachuan Automotive Parts Stock Co., Ltd. (北京海納川汽車部件股份有限公司).

Information on BAIC Group

BAIC Group is a state-owned enterprise established on 30 June 1994 with a registered capital of approximately RMB19.956 billion. Its principal businesses include manufacturing, sale, import and export of vehicles and components, operation and management of state-owned assets, investment and investment management, technology development, service and consultancy, and real property development and sales.

7. **Proposed Appointment of Non-executive Directors**

References are made to the announcements of the Company dated March 22, 2018 and May 15, 2018, respectively, in relation to, among others, the proposed change of non-executive Directors.

LETTER FROM THE BOARD

The Board proposed to appoint each of Mr. Lei Hai, Ms. Shang Yuanxian and Mr. Yan Xiaolei as the non-executive Director for a term commencing from the date of approval at the AGM until the expiration of the term of the third session of the Board.

Due to other job assignment, from the effective date of the above appointment of Mr. Lei Hai, Ms. Shang Yuanxian and Mr. Yan Xiaolei as the Directors, Mr. Zhu Baocheng, Mr. Zhang Xiyong and Mr. Zhang Jianyong will cease to be the non-executive Directors. Mr. Zhu Baocheng, Mr. Zhang Xiyong and Mr. Zhang Jianyong confirmed that they have no disagreement with the Board in any respect and there are no other matters relating to their resignation that need to be brought to the attention of the Shareholders.

The biographical details of Mr. Lei Hai, Ms. Shang Yuanxian and Mr. Yan Xiaolei which are discloseable pursuant to Rule 13.51(2) of the Listing Rules are as follows:

Biography of Mr. Lei Hai:

Mr. Lei Hai (雷海), aged 49, holds a master's degree in business administration and currently serves as an assistant to director of the industrial management department of Beijing Energy Holding Co., Ltd. (北京能源集團有限責任公司). Mr. Lei Hai has more than twenty years of experience of corporate management. He previously served as the project manager of the venture capital investment department of Beijing International Power Development and Investment Corporation (北京國際電力開發投資公司), the project manager of the department of technology industrial investment of Beijing Energy Investment Holding Co., Ltd. (北京能源投資(集團)有限公司), the project manager of the preparation office and the manager of the general affairs department of the asset management branch of Beijing Energy Investment Holding Co., Ltd., and the chief of the second project office and the assistant to director of the industrial management department of Beijing Energy Investment Holding Co., Ltd. Since December 2014, he has been serving as the assistant to director of the industrial management department of Beijing Energy Holding Co., Ltd.

Save as disclosed above, Mr. Lei Hai confirmed that, (1) he does not hold any other positions in the Company or any of its subsidiaries and also has not served as a director nor a supervisor in any other listed companies in the past three years; (2) he does not have any relationship with any other directors, supervisors, senior management or substantial or controlling shareholders of the Company or any of its subsidiaries; and (3) he does not have any interest in any shares of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, Mr. Lei Hai confirmed that, there is no other information that needs to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters concerning the appointment of Mr. Lei Hai as the non-executive Director that need to be brought to the attention of the Shareholders.

LETTER FROM THE BOARD

Biography of Ms. Shang Yuanxian:

Ms. Shang Yuanxian (尚元賢), aged 52, holds a bachelor's degree in economics and currently serves as the secretary to the board of directors and director of the office under the board of directors of BAIC Group.

Ms. Shang Yuanxian previously served as the director and deputy head of the Auditing Department of the Auditing Firm of Shizuishan City of Ningxia, the manager of the Auditing Department of SHINEWING CPA Limited (信永中和會計師事務所), the deputy manager and manager of the Auditing Department and the manager of the Financial Department of China Huan Dao (Group) Ltd. (中國寰島(集團)公司), the deputy manager and head of the Department of the Management of State-owned Assets in Beijing Automotive Industry Holding Co., Ltd. (北京汽車工業控股有限責任公司), the head of the Department of Management of State-owned Assets, the head of the Department of State-owned Assets Operation, the supervisor of capital operation, the head of the Department of Capital Operation and the director of the office under the board of directors of BAIC Group. Ms. Shang Yuanxian currently serves as director of Beiqi Foton Motor Company Limited (北汽福田汽車股份有限公司, stock code: 600166.SH), director of Bohai Automotive Systems Co., Ltd. (渤海汽車系統股份有限公司, stock code: 600960.SH) and the secretary to the board of directors and the director of the office under the board of directors of BAIC Group.

Save as disclosed above, Ms. Shang Yuanxian confirmed that, (1) she does not hold any other positions in the Company or any of its subsidiaries and also has not served as a director nor a supervisor in any other listed companies in the past three years; (2) she does not have any relationship with any other directors, supervisors, senior management or substantial or controlling shareholders of the Company or any of its subsidiaries; and (3) she does not have any interest in any shares of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, Ms. Shang Yuanxian confirmed that, there is no other information that needs to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters concerning the appointment of Ms. Shang Yuanxian as the non-executive Director that need to be brought to the attention of the Shareholders.

Biography of Mr. Yan Xiaolei:

Mr. Yan Xiaolei (閻小雷), aged 42, holds a doctoral degree in accounting and is a certified public accountant and senior accountant.

Mr. Yan Xiaolei currently serves as the director of the securities and finance of BAIC Group, the director of BAIC ROCAR Automobile Service & Trade Co., Ltd. (北京北汽鵬龍汽車服務貿易股份有限公司), a subsidiary of BAIC Group, and the director of Bohai Automotive Systems Co., Ltd. (渤海汽車系統股份有限公司, stock code: 600960.SH), and also serves as the tutor of postgraduates of Chinese Academy of Fiscal Sciences and the tutor of postgraduates of Central University of Finance and Economics.

LETTER FROM THE BOARD

Mr. Yan Xiaolei previously worked in Beijing Sound Environment Group Co., Ltd. (北京桑德環保集團有限公司) and the Company.

Save as disclosed above, Mr. Yan Xiaolei confirmed that, (1) he does not hold any other positions in the Company or any of its subsidiaries and also has not served as a director nor a supervisor in any other listed companies in the past three years; and (2) he does not have any relationship with any other directors, supervisors, senior management or substantial or controlling shareholders of the Company or any of its subsidiaries. Mr. Yan Xiaolei has the following interests in the shares of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date:

| Name | Capacity | Number of H Shares Held (Shares) | Nature of Interest | Approximately Percentage to Total Issued H Shares (%) | Approximately Percentage to Total Issued Shares (%) |
|-------------|---------------------|---|-----------------------|---|---|
| Yan Xiaolei | Beneficial owner | 5,000 | Long position | 0.0002 | 0.00006 |

Save as disclosed above, Mr. Yan Xiaolei confirmed that, there is no other information that needs to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters concerning the appointment of Mr. Yan Xiaolei as the non-executive Director that need to be brought to the attention of the Shareholders.

If the proposed appointment of Mr. Lei Hai, Ms. Shang Yuanxian and Mr. Yan Xiaolei as the non-executive Directors is approved at the AGM, the Company will enter into relevant Director's service contract with each of them as soon as possible. Mr. Lei Hai, Ms. Shang Yuanxian and Mr. Yan Xiaolei will not receive any remuneration from the Company for their role as non-executive Directors.

SPECIAL RESOLUTIONS

8. General Mandate for the Issuance of Onshore and Offshore Debt Financing Instruments

In order to control the financial cost by further expanding the financing channels and taking full advantage of the capital market for financing, the Company proposed to grant a general mandate for the issuance of onshore and offshore debt financing instruments to the Board (or the person authorized by the Board). The sizes of the issuance will be no more than RMB15 billion (inclusive) with a period of no more than 10 years (inclusive). One or more types of debt financing instruments will be issued either in one tranche or multiple tranches.

The general mandate for the issuance of onshore and offshore corporate debt financing instruments will remain in effect from the date of considering and approving the resolution by special resolution at the AGM until the expiry date of 12 months.

LETTER FROM THE BOARD

If the Company has determined the issuance or part of the issuance during the said effective period and has also obtained the approval, permission, enrollment or registration from regulatory authorities during such period, the Company may complete the issuance within the effective period as confirmed by such approval, permission, enrollment or registration. Under the general mandate, 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.

9. General Mandate for the Issuance of Shares

With a view to fully leveraging on the financing advantages of the capital market and capitalizing on the financing channel in the market, the Company, with reference to market practices, proposed to grant General Mandate for the Issuance of Shares to the Board, namely, in line with market conditions and the needs of the Company, the Board decides to issue and allot (“**issue**”), either separately or concurrently, additional shares not exceeding 20% of each of the number of Domestic Shares and/or H Shares in issue of the Company at the time of being approved at the AGM within the scope of authorization. Such 20% additional shares is based on the total share capital of Domestic Shares and/or H Shares in issue of the Company at the time of being approved at the AGM. Such additional shares include but not limited to Domestic Shares and/or H Shares, securities convertible into Shares and options, warrants or similar rights to subscribe for any Shares or such convertible securities.

Relevant Period of the General Mandate for the Issuance of Shares means the period from the date of considering and approving the resolution by special resolution at the AGM until the earliest of:

1. the conclusion of the 2018 annual general meeting of the Company;
2. the expiry date of 12 months from the passing of the resolution at the AGM of the Company;
3. the date on which the mandate mentioned in the resolution thereof is revoked or amended by a resolution in any of the general meetings of the Company.

Under the General Mandate for the Issuance of Shares, 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.

As of the Latest Practicable Date, the Board had no plan to issue new Shares according to the General Mandate for the Issuance of Shares.

LETTER FROM THE BOARD

10. Proposed Amendments to Articles of Association

Reference is made to the announcement of the Company dated May 15, 2018 in relation to the proposed amendments to the Articles of Association.

Given the completion of placement of 420,000,000 H shares by the Company on May 3, 2018, the total share capital of the Company has increased from 7,595,338,182 shares to 8,015,338,182 shares. In addition, considering the actual operation of the Company, it is necessary to make adjustment to the business scope of the Company. And the method of calculating the exchange rate of foreign currency against Renminbi in relation to the declaration of the dividends of the Company is no longer applicable. On May 15, 2018, the Board resolved to propose the following amendments to the Articles of Association:

Article 11

Original: “The scope of business of the Company shall be based on the items approved by the company registration authorities and business administration authorities.

The scope of business of the Company covers: manufacture and sales of automobiles (including sedan, light off-road vehicles, light and mini truck, multi-purposes passenger vehicle and specialty vehicle), manufacture and sales of internal combustion engines for vehicles, transmission and powertrain and components of automobiles, development of technologies (including new energy for automobiles), services, technical consultation and information consultation (excluding intermediary services), equipment installation and logistics and transportation of goods, and import and export of automobiles and components and related technologies of automobiles, except those commodities and technologies prohibited from operation, import and export according to the regulations of the state.

The Company may adjust its scope and way of operation based on the changes in the market and the needs of business development. If the Company adjusts its scope and way of operation, it shall amend these Articles in accordance with the requirements herein and file the change of registration with the company registration authority. If the adjusted scope of business involves business restricted by the laws and regulations of China, such adjustments shall be subject to the approval of the competent authorities in accordance with laws.”

Proposed amendment: “The scope of business of the Company shall be based on the items approved by the company registration authorities and business administration authorities.

The scope of business of the Company covers: manufacture of automobiles, components and accessories; sales of automobiles, components and accessories; development of technologies, technical services and consultation; economic information consultation; equipment installation, logistics and transportation of goods; import and export of goods and technologies and import and export business agent.

LETTER FROM THE BOARD

The Company may adjust its scope and way of operation based on the changes in the market and the needs of business development. If the Company adjusts its scope and way of operation, it shall amend these Articles in accordance with the requirements herein and file the change of registration with the company registration authority. If the adjusted scope of business involves business restricted by the laws and regulations of China, such adjustments shall be subject to the approval of the competent authorities in accordance with laws.”

Article 18

Original: “Upon approval of the securities regulatory authority of the State Council, the Company will issue 1,213,520,000 overseas listed foreign shares (H shares). The state-owned shareholders will transfer to the National Council for Social Security Fund 121,352,500 state-owned shares upon the issue of overseas listed foreign shares of the Company in accordance with relevant requirements for reduction in holding of state-owned shares. In addition, such shares will be sold along with the issuance by the Company of the overseas listed foreign shares.

Upon completion of the issue of overseas listed foreign shares, the share capital structure of the Company shall comprise 7,595,338,182 ordinary shares, including 5,494,647,500 domestic shares and 2,100,690,682 H shares.”

Proposed amendment: “Upon approval of the securities regulatory authority of the State Council, the Company will issue 1,213,520,000 overseas listed foreign shares (H shares). The state-owned shareholders will transfer to the National Council for Social Security Fund 121,352,500 state-owned shares upon the issue of overseas listed foreign shares of the Company in accordance with relevant requirements for reduction in holding of state-owned shares. In addition, such shares will be sold along with the issuance by the Company of the overseas listed foreign shares.

Upon completion of the issue of overseas listed foreign shares, the share capital structure of the Company shall comprise 7,595,338,182 ordinary shares, including 5,494,647,500 domestic shares and 2,100,690,682 H shares.

Upon approval of the securities regulatory authority of the State Council, the Company placed 420,000,000 H shares in 2018 and the share capital structure following the completion of the placement shall comprise 8,015,338,182 ordinary shares, including 5,494,647,500 domestic shares and 2,520,690,682 H shares.”

LETTER FROM THE BOARD

Article 21

Original: “The registered share capital of the Company is RMB6,381,818,182 before the issue of H shares. Upon completion of the issue of H shares, the registered share capital of the Company shall be RMB7,595,338,182.”

Proposed amendment: “The registered share capital of the Company is RMB8,015,338,182.”

Article 199

Original: “The Company may distribute dividends in one or both of the following manners:

- (1) cash;
- (2) shares.

The Company shall maintain consistent and stable profit distribution policies as practicable and shall consider cash dividend as the first priority. The specific ratio of dividend to be distributed shall be resolved by the shareholders at the general meetings.

The Company shall calculate, declare and pay dividends and other amounts which are payable to holders of domestic shares in Renminbi within 3 months after the date of declaration. The Company shall calculate and declare dividends and other amount which are payable to holders of overseas listed foreign shares in Renminbi, and shall pay such amounts in foreign currency within 3 months after the date of declaration. The exchange rate shall be the average closing rate for the relevant foreign currency announced by the People’s Bank of China 5 working days prior to the declaration of the dividend and other amounts. Payment in foreign currency to holders of overseas listed foreign shares shall be made in accordance with the relevant foreign exchange control regulations of China. The dividend distribution of the Company shall be implemented by the board of directors according to the authorization delegated by the general meeting through an ordinary resolution.”

Proposed amendment: “The Company may distribute dividends in one or both of the following manners:

- (1) cash;
- (2) shares.

LETTER FROM THE BOARD

The Company shall maintain consistent and stable profit distribution policies as practicable and shall consider cash dividend as the first priority. The specific ratio of dividend to be distributed shall be resolved by the shareholders at the general meetings.

The Company shall calculate, declare and pay dividends and other amounts which are payable to holders of domestic shares in Renminbi within 3 months after the date of declaration. The Company shall calculate and declare dividends and other amount which are payable to holders of overseas listed foreign shares in Renminbi, and shall pay such amounts in foreign currency within 3 months after the date of declaration. The exchange rate shall be the average central parity rate for the relevant foreign currency announced by the People's Bank of China 5 working days prior to the declaration of the dividend and other amounts. Payment in foreign currency to holders of overseas listed foreign shares shall be made in accordance with the relevant foreign exchange control regulations of China. The dividend distribution of the Company shall be implemented by the board of directors according to the authorization delegated by the general meeting through an ordinary resolution.”

The Board also proposes to the AGM to authorize the Board and the Company's management authorized by the Board to handle relevant matters, including but not limited to the approval by (filing with) the competent authorities and making adjustments and revisions to the above proposed amendments to the Articles of Association approved by the AGM in accordance with the requirements and proposals of relevant government departments and regulatory authorities.

The above amendments to the Articles of Association is subject to approval by the Shareholders at the AGM by way of special resolution as well as the approval by commerce authorities.

III. MATTERS TO BE RESOLVED AT THE AGM AND SHAREHOLDERS CLASS MEETINGS

11. General Mandate for the Repurchase of Shares

To guarantee the flexibility of the Board to adjust the capital structure, the Company proposed to grant General Mandate for the Repurchase of Shares to the Board to repurchase Domestic Shares and/or H Shares which, each of them, shall not exceed 10% 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 at the AGM and Shareholders Class Meetings.

The General Mandate for the Repurchase of Shares will remain in effect from the date of considering and approving the resolution by special resolution at the AGM until the earliest of:

1. the conclusion of the 2018 annual general meeting of the Company;
2. the expiry date of 12 months from the passing of the resolution at the AGM of the Company;

LETTER FROM THE BOARD

3. the date on which the mandate mentioned in the resolution thereof is revoked or amended by a resolution in any of the general meetings of the Company.

Under the General Mandate for the Repurchase of Shares, 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 Listing Rules prescribe that the requisite information of the recommended repurchase of Shares shall be provided for Shareholders to consider, to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution on the repurchase of Shares at the AGM and Shareholders Class Meetings. The explanatory statement containing such information is set out in Appendix I to this circular.

IV. POLL PROCEDURE

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

In accordance with the Listing Rules, since BAIC Group, the sole controlling Shareholder and connected person of the Company, holds 56% equity interests in BAIC Finance, it was deemed to have material interest in the continuing connected transactions contemplated between the Group and BAIC Finance. Therefore, BAIC Group and its associates shall abstain from voting on the resolution in relation to the revised maximum daily balance of and revised annual caps for interest income from deposits placed by the Group with BAIC Finance for 2018 and 2019 under the Financial Services Framework Agreement at the AGM. As at the Latest Practicable Date, BAIC Group and its associates, directly and indirectly, hold 3,416,659,704 Domestic Shares of the Company (representing approximately 42.63% of the total issued share capital of the Company) with voting right.

To the best knowledge of the Directors and having made all reasonable enquiries, other than BAIC Group and its associates, no other Shareholders have material interests in such transaction and are required to abstain from voting on the relevant resolution to be proposed at the AGM.

V. RECOMMENDATION

The Board considers that the above-mentioned resolutions are in the interests of the Company and the Shareholders as a whole, and thereby recommends the Shareholders to vote in favour of the resolutions at the AGM and Shareholders Class Meetings.

VI. THE AGM AND SHAREHOLDERS CLASS MEETINGS

The Notices of the AGM and Shareholders Class Meetings to be held at 9:30 a.m. on Friday, June 29, 2018 at Multi-purpose Hall, 1st Floor, the South Tower of Beijing Automotive

LETTER FROM THE BOARD

Industry Research and Development Base, No. 99 Shuanghe Street, Renhe Town, Shunyi District, Beijing, the PRC are set out on pages 47 to 53 of this circular. The forms of proxy for use at the AGM and Shareholders Class Meetings are enclosed. Such forms of proxy are also published on the HKExnews website of the Hong Kong Stock Exchange and the website of the Company.

If you wish to attend the AGM and/or the Shareholders Class Meetings (in person or by proxy), please complete and return the enclosed reply slip to the H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares), or the Board of Directors' Office at Room 3-062, Tower A, Beijing Automotive Industry Research and Development Base, No. 99 Shuanghe Street, Renhe Town, Shunyi District, Beijing, the PRC (for holders of Domestic Shares) on or before Saturday, June 9, 2018. The Company will convene the AGM and/or Shareholders Class Meetings if Shareholders intending to attend the meetings hold Shares with voting rights exceeding half of the total number of Shares with voting rights in the Company. If not, the Company will convene the meetings by informing the Shareholders once again of the matters to be considered at the meetings as well as the date and place of the meetings in the form of a public announcement or other forms prescribed by the Articles of Association within five days.

Whether or not you propose to attend the AGM and Shareholders Class Meetings, holders of H Shares are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and for holders of Domestic Shares, the form of proxy shall be returned to the Board of Directors' Office at Room 3-062, Tower A, Beijing Automotive Industry Research and Development Base, No. 99 Shuanghe Street, Renhe Town, Shunyi District, Beijing, the PRC as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the AGM and Shareholders Class Meetings 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 and Shareholders Class Meetings or any adjournment thereof if they so wish.

VII. CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlements of the Shareholders to attend the AGM and Shareholders Class Meetings, the register of members of the Company will be closed from Wednesday, May 30, 2018 to Friday, June 29, 2018 (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 and Shareholders Class Meetings, 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 for holders of H Shares no later than 4:30 p.m. on Tuesday, May 29, 2018 or China Securities Depository and Clearing Corporation Limited at No. 17 Tai Ping Qiao Street, Xicheng District, Beijing, the PRC for holders of Domestic Shares no later than 4:00 p.m. on Tuesday, May 29, 2018.

LETTER FROM THE BOARD

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 Friday, July 6, 2018 to Wednesday, July 11, 2018 (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 the 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 for holders of H Shares no later than 4:30 p.m. on Thursday, July 5, 2018, or China Securities Depository and Clearing Corporation Limited at No. 17 Tai Ping Qiao Street, Xicheng District, Beijing, the PRC for holders of Domestic Shares no later than 4:00 p.m. on Thursday, July 5, 2018.

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



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)

To the Independent Shareholders

Dear Sir or Madam,

**REVISION OF THE 2018 AND 2019 ANNUAL CAPS
FOR THE DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS
UNDER THE FINANCIAL SERVICES FRAMEWORK AGREEMENT**

We refer to the circular of the Company dated May 15, 2018 (the “**Circular**”) 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 revised maximum daily balance of and revised annual caps for interest income from deposits placed by the Group with BAIC Finance for 2018 and 2019 under the Financial Services Framework Agreement 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.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the revised maximum daily balance of and revised annual caps for interest income from deposits placed by the Group with BAIC Finance for 2018 and 2019 under the Financial Services Framework Agreement 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. The text of the letter of advice from Gram Capital containing their recommendations and the principal factors they have taken into account in arriving at their recommendations is set out on pages 28 to 37 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 the Circular as well as the additional information set out in the Appendix II to the Circular.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the revised maximum daily balance of and revised annual caps for interest income from deposits placed by the Group with BAIC Finance for 2018 and 2019 under the Financial Services Framework Agreement, the interests of the Independent Shareholders and the advice of Gram Capital, we are of the opinion that the revised maximum daily balance of and revised annual caps for interest income from deposits placed by the Group with BAIC Finance for 2018 and 2019 under the Financial Services Framework Agreement 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 favor of the relevant resolution to be proposed at the AGM to approve the revised maximum daily balance of and revised annual caps for interest income from deposits placed by the Group with BAIC Finance for 2018 and 2019 under the Financial Services Framework Agreement.

Yours faithfully,
For and on behalf of
Independent Board Committee

Mr. Ge Songlin
Independent
Non-executive Director

Mr. Wong 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

May 15, 2018

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Annual Caps Revision and the transactions contemplated thereunder for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

15 May 2018

*To: The independent board committee and the independent shareholders
of BAIC Motor Corporation Ltd.*

Dear Sir/Madam,

REVISION OF ANNUAL CAPS FOR EXISTING CONTINUING CONNECTED TRANSACTIONS

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Annual Caps Revision (as defined below) and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 15 May 2018 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 20 October 2016, the Company renewed its existing financial services framework agreement with BAIC Finance (the “**2016 Financial Services Framework Agreement**”), pursuant to which BAIC Finance will provide financial services to the Company, including (i) deposits (the “**Deposit CCT**”); (ii) loans and entrusted loan; (iii) other financial services including discounted notes and acceptance service, finance lease, settlement and entrusted loan agency; and (iv) other services subject to obtaining relevant approvals from CBRC. The term of the 2016 Financial Services Framework Agreement commenced on 1 January 2017 and will end on 31 December 2019, subject to renewal through mutual consents by the parties. The 2016 Financial Services Framework Agreement was approved by the then independent Shareholders at the first extraordinary general meeting for 2016 of the Company on 28 December 2016.

On 22 March 2018, the Company resolved to revise the 2018 and 2019 annual caps (the “**Annual Caps Revision**”) in respect of (i) the maximum daily balance of deposits placed by the Group with BAIC Finance from RMB12,500.0 million and RMB12,500.0 million to RMB16,000.0 million and RMB16,000.0 million, respectively; and (ii) interest income from deposits placed by the Group with BAIC Finance from RMB193.2 million and RMB193.2

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million to RMB292.8 million and RMB292.8 million, respectively. Save and except for the Annual Caps Revision, all other terms and conditions under the 2016 Financial Services Framework Agreement shall remain effective and unchanged.

The Independent Board Committee comprising Mr. Ge Songlin, Mr. Wong Lung Tak Patrick, Mr. Bao Robert Xiaochen, Mr. Zhao Fuquan and Mr. Liu Kaixiang (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Annual Caps Revision is on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Annual Caps Revision is in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Annual Caps Revision and the transactions contemplated thereunder at the AGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the 2016 Financial Services Framework Agreement and the Annual Caps Revision. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The 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 the 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 therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

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We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, BAIC Finance or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Annual Caps Revision. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Annual Caps Revision, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Annual Caps Revision

Information on the Group

With reference to the Board Letter, the Company is a company limited by shares incorporated in China. It 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.

Information on BAIC Finance

With reference to the Board Letter, BAIC Finance is a non-banking financial institution incorporated in November 2011 in the PRC with a registered capital RMB2.5 billion. BAIC Finance is subject to the Administrative Measures on Financial Companies of Group Enterprises (《企業集團財務公司管理辦法》), the “**Measures**”) and other relevant regulations promulgated by the PBOC and 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.

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As mentioned above, BAIC Finance is required to operate in compliance with the Measures and other relevant regulations promulgated by the PBOC and CBRC. We noted that the Measures set out certain compliance and risk control requirements/measures in relation to the operation of group financing companies, including but not limited to maintaining certain financial ratios at all times, reporting to the CBRC, etc.

As also confirmed by the Directors of the Company that to the best of their knowledge, up to the Latest Practicable Date, there was no record of non-compliance with relevant laws and regulations of the PRC on BAIC Finance in recent three years.

Reasons for and benefit of the Annual Caps Revision

As advised by the Directors, according to the latest business development plans of the Company, the Company considers that the existing annual caps of the continuing connected transactions contemplated under the 2016 Financial Services Framework Agreement are unable to satisfy the Company's requirements for 2018 and 2019. The Board therefore propose to the existing annual caps in respect of the 2018 and 2019 to meet the Company's demands on deposit services from BAIC Finance for 2018 and 2019.

As confirmed by the Directors, the transactions contemplated under the 2016 Financial Services Framework Agreement are in the interest of the Company and Shareholders as a whole.

For our due diligence purpose, we obtained the 2016 Financial Services Framework Agreement and noted that interest rates for the deposits placed by the Group with BAIC Finance will not be lower than: (i) the minimum interest rate published by the 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 BAIC Group's other member companies (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 Group.

In addition, upon our request, the Company provided deposit records to us regarding (i) the Group placed deposits in independent commercial banks and BAIC Finance (the "**Group's Deposit Records**"); and (ii) BAIC Group's other member companies (other than the Group) placed deposits in BAIC Finance during 2017 and 2018 (the "**Other Members' Deposit Records**"). We noted from aforesaid deposit records that the deposit rates as shown in the deposit records are in line with the aforesaid requirements under the 2016 Financial Services Framework Agreement.

In light of that (i) reasons for and benefit of the Deposit CCT; (ii) the background information of BAIC Finance as mentioned above; (iii) the Company considers that the existing annual caps of the continuing connected transactions contemplated under the 2016 Financial Services Framework Agreement are unable to satisfy the Company's requirements for the year of 2018 and 2019; and (iv) save and except for the Annual Caps Revision, all other terms and conditions under the 2016 Financial Services Framework Agreement shall remain effective and unchanged, we consider the Annual Caps Revision is on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

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2. Principal terms of the Annual Caps Revision

On 22 March 2018, the Company resolved to revise the 2018 and 2019 annual caps (the “**Annual Caps Revision**”) in respect of (i) the maximum daily balance of deposits placed by the Group with BAIC Finance from RMB12,500.0 million and RMB12,500.0 million to RMB16,000.0 million and RMB16,000.0 million, respectively; and (ii) interest income from deposits placed by the Group with BAIC Finance from RMB193.2 million and RMB193.2 million to RMB292.8 million and RMB292.8 million, respectively. Save and except for the Annual Caps Revision, all other terms and conditions under the 2016 Financial Services Framework Agreement shall remain effective and unchanged.

We understood from the Directors that the Company adopted internal control (the “**IC Measures**”) and corporate governance measures for transactions under the 2016 Financial Services Framework Agreement in order to further safeguard the interests of the Independent Shareholders, including independent financial system, risk management measures and internal control policies. Details of the internal control and corporate governance measures are set out under the section headed “Internal Control and Corporate Governance Measures Targeted for Transactions under the Financial Services Framework Agreement” of the letter from the board of directors as contained in the circular of Company dated 12 November 2016 regarding, among other things, the 2016 Financial Services Framework Agreement.

To assess the effectiveness of the IC Measures, we also discussed with the staff of the Company’s Finance Centre (財經中心). We understood that the Company’s Finance Centre (財經中心) were aware of the IC Measures, and they will comply with IC Measures when conducting transactions contemplated under the 2016 Financial Services Framework Agreement.

In addition, according to the annual reports for the two years ended 31 December 2017 and pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged its auditor to report on the Group’s continuing connected transactions in accordance with HKSAE3000 “Hong Kong Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accounts. Based on its work, the Company’s auditor provided the Board of Directors with a letter confirming that, with respect to the continuing connected transactions (including the Deposit CCT):

- (i) nothing has come to the auditor’s attention that causes it to believe that the disclosed continuing connected transactions (including the Deposit CCT) have not been approved by the Board;
- (ii) for transactions involving the provision of goods or services by the Group, nothing has come to the auditor’s attention that causes it to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (iii) nothing has come to the auditor’s attention that causes it to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

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- (iv) with respect to the aggregate amount for each of the aforesaid continuing connected transactions (including the Deposit CCT), nothing has come to our auditor's attention that causes it to believe that the amount of the disclosed continuing connected transactions has exceeded the annual cap as set by the Company.

We also obtained the auditor's confirmation letters for 2016 and 2017.

Having considered (i) our findings on the Group's Deposit Records and the Other Members' Deposit Records as mentioned in the section headed "Reasons for and benefit of the Annual Caps Revision" of this letter; (ii) our discussion with the staff of the Company's Finance Centre (財經中心); (iii) the auditor's confirmation letters; (iv) that as confirmed by the Directors, the IC Measures remains effective and unchanged; and (v) that the Company re-complies with the applicable provisions of the Listing Rules governing continuing connected transaction to conduct the Annual Caps Revision, we do not doubt the sufficiency and effectiveness of the IC Measures.

Set out below are the existing/revised annual caps for provision of deposit service for the three years ending 31 December 2019:

| | For the year ending 31 December 2017 (RMB' million) | For the year ending 31 December 2018 (RMB' million) | For the year ending 31 December 2019 (RMB' million) |
|--|--|--|--|
| Existing highest daily deposit balance of deposits to be placed by the Group with BAIC Finance (the " Existing Annual Caps ") | 12,500 | 12,500 | 12,500 |
| Revised highest daily deposit balance of deposits to be placed by the Group with BAIC Finance (the " Revised Annual Caps ") | N/A | 16,000 | 16,000 |
| Existing interest income from deposits placed by the Group with BAIC Finance | 193.2 | 193.2 | 193.2 |
| Revised interest income from deposits placed by the Group with BAIC Finance (the " Revised Interest Caps ") | N/A | 292.8 | 292.8 |

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Details of the bases for determining the Revised Annual Caps and Revised Interest Caps are set out under the section headed “Basis of Determination of the Revised 2018 and 2019 Annual Caps” of the Board Letter.

According to the Board Letter, the maximum daily actual balance of deposits placed by the Group with BAIC Finance was approximately RMB12,389.6 million, representing utilisation rate of Existing Annual Cap of approximately 99.1%, for the year ended 31 December 2017. The actual interest income from deposits placed by the Group with BAIC Finance were RMB134.8 million for the year ended 31 December 2017.

The Revised Annual Cap for the year ending 31 December 2018 represents an increase of 28% (the “**Increase**”) as compared to the Existing Annual Caps for the year ending 31 December 2018. As advised by the Directors, when determining the Revised Annual Caps, the Directors also took into account of the Group’s monetary fund. We noted that the Existing Annual Caps represented approximately 42.4% (the “**Previous Ratio**”) to the Group’s monetary fund of approximately RMB29,496 million as at 30 September 2016, being the latest available public information immediately prior to the date of 2016 Financial Services Framework Agreement (i.e. 20 October 2016). The Revised Annual Caps represented approximately 42.8% to the Group’s monetary fund of approximately RMB37,370 million as at 31 December 2017, which is approximately the same as the Previous Ratio.

To further assess the fairness and reasonableness of Revised Annual Caps, we summarised the relevant financial information (i) for the year ended 31 December 2017, being the latest available public full-year financial information immediately prior to the Latest Practicable Date; (ii) for the year ended 31 December 2015, being the latest available public full-year financial information immediately prior to the date of 2016 Financial Service Framework Agreement (i.e. 20 October 2016); and (iii) for the nine months ended 30 September 2016, being the latest available public financial information immediately prior to the date of 2016 Financial Service Framework Agreement (i.e. 20 October 2016), as follows:

| | For the year ended 31 December 2017 RMB’000 | For the year ended 31 December 2015 RMB’000 | Increase rate |
|----------------------|--|--|--------------------------|
| Revenue | 134,158,541 | 84,111,526 | 59.5% |
| | As at 31 December 2017 RMB’000 | As at 30 September 2016 RMB’000 | Increase rate |
| Monetary fund | 37,369,979 | 29,496,197 | 26.7% |

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Based on the above table, we noted that there was a substantial increases in revenue for 2017 (being the latest available public full-year financial information immediately prior to the Latest Practicable Date) as compared to that for 2015 (being the latest available public full-year financial information immediately prior to the date of 2016 Financial Service Framework Agreement). The Group's monetary fund as at 31 December 2017 also increased as compared to that as at 30 September 2016 (being the latest available public financial information immediately prior to the date of 2016 Financial Service Framework Agreement (i.e. 20 October 2016)). As such, we consider that the Increase to be acceptable.

In light of (i) the maximum utilisation rate of the Existing Annual Cap for the year ended 31 December 2017; (ii) when determining the Revised Annual Caps, the Directors also took into account of the Group's monetary fund; (iii) the different financial performance/position which the Directors considered when determining the Revised Annual Caps and Existing Annual Caps for the two years ending 31 December 2019; and (iv) the Increase to be acceptable, we consider that the Revised Annual Cap for the year ending 31 December 2018 is fair and reasonable.

As advised by the Directors, it is difficult to forecast the Group's total cash level for the year ending 31 December 2019. Nevertheless, should there be any substantial increase in total cash of the Group, the Group may opt to deposit larger portion of cash in commercial banks or re-comply with the applicable provisions of the Listing Rules governing continuing connected transaction to revise the Revised Annual Cap for the year ending 31 December 2019. Accordingly, we consider that the Revised Annual Cap for the year ending 31 December 2019, which being the same as the Revised Annual Cap for the year ending 31 December 2018, are fair and reasonable.

Furthermore, the Directors advised us that when determine the revised interest income from deposits placed by the Group with BAIC Finance (the "**Revised Interest Cap(s)**") for the two years ending 31 December 2019, the Directors took into account of (i) Revised Annual Caps for the two years ending 31 December 2019; and (ii) the interest rates of annualised 7-day call deposit, being the main type of deposits placed by the Group with BAIC Finance in the past, ranged from approximately 1.5% to 2.0% per annum as offered by BAIC Finance. The average implied deposit rate (being the Revised Interest Caps over the Revised Annual Caps) (the "**Average Implied Deposit Rate**") for each of the two years ending 31 December 2019 falls within the range of annualised 7-day call deposit rates offered by BAIC Finance. In addition, we noted that the Average Implied Deposit Rate for each of the two years ending 31 December 2019 is in line with the deposit rates as shown in the Group's Deposit Records. As such, we consider that the Average Implied Deposit Rate to be acceptable.

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Despite that the Revised Interest Cap for each of the two years ending 31 December 2019 represents an increase of approximately (i) 51.6% as compared to the existing annual caps for interest income for each of the two years ending 31 December 2019; and (ii) 117.2% as compared to the actual interest income from deposits placed by the Group with BAIC Finance for the year ended 31 December 2017, having considered (i) the basis of determining the Revised Interest Caps and our related due diligence works as mentioned above; (ii) the Revised Interest Cap represents an accumulated amount and are different nature as compared to the Revised Annual Cap; and (iii) the Existing Annual Cap for the year ended 31 December 2017 was almost-fully-utilised in certain days of the year but not the whole year, we do not doubt the reasonableness of the assumption relating to the Revised Interest Caps as mentioned above.

Having considered that (i) the Revised Annual Caps for the two years ending 31 December 2019 are fair and reasonable as mentioned above; and (ii) the Average Implied Deposit Rate to be acceptable, we consider that the Revised Interest Caps for the two years ending 31 December 2019 are fair and reasonable.

3. Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the maximum amounts of the deposit service must be restricted by the Revised Annual Caps for the period concerned under the 2016 Financial Services Framework Agreement (as amended by the Annual Caps Revision); (ii) the terms of the 2016 Financial Services Framework Agreement (as amended by the Annual Caps Revision) must be reviewed by the independent non-executive Directors annually; and (iii) details of independent non-executive Directors' annual review on the terms of the 2016 Financial Services Framework Agreement (as amended by the Annual Caps Revision) must be included in the Company's subsequent published annual reports and financial accounts.

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the deposit services (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the annual caps. In the event that the maximum amounts of the deposit services are anticipated to exceed the Revised Annual Caps, or that there is any proposed material amendment to the terms of the 2016 Financial Services Framework Agreement (as amended by the Annual Caps Revision), as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the deposit service and thus the interest of the Independent Shareholders would be safeguarded.

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RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Annual Caps Revision is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Annual Caps Revision is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the AGM to approve Annual Caps Revision and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

This appendix serves as an explanatory statement, as required by Rule 10.06(1)(b) of the Listing Rules, to provide the requisite information for the Shareholders to consider the proposed repurchase of Shares.

1. DESCRIPTION AND NUMBER OF SHARES PROPOSED TO BE REPURCHASED

As of the Latest Practicable Date, the total number of Shares issued by the Company is 8,015,338,182 (including 5,494,647,500 Domestic Shares and 2,520,690,682 H Shares). If the repurchase is carried out in full, the Shares to be repurchased shall not exceed 801,533,818 shares with a maximum of 549,464,750 Shares for Domestic Shares and a maximum of 252,069,068 Shares for H Shares. The exact number of Shares to be repurchased shall be determined by the actual number of Shares repurchased by the end of the repurchase period.

2. REASONS FOR REPURCHASE

In order to enable the Company to make full use of Share repurchase as a means for adjusting the capital structure in line with market conditions and the needs of the Company, the net asset value and/or earnings per Share may be increased under the principle of protecting investors' interests.

The Board believes that the repurchase of Shares is in the interests of the Shareholders as a whole and the Company, and conducive to boosting investors' confidence.

3. SOURCE OF FUNDS

The Company shall, in accordance to the Articles of Association and the applicable PRC laws, regulations and statutes, legally set aside funds for purposes related to its internal resources (which may include surplus reserves and retained earnings) at the time of share repurchase.

4. IMPACT ON WORKING CAPITAL

The Directors believe that the exercise of the Mandate for the Repurchase of Shares in full at any time during the proposed repurchase period would not cause a material adverse impact on the working capital or gearing ratio of the Company (as compared with the disclosures of the latest audited accounts set out in the Company's annual report for the year ended December 31, 2017). However, if the provision exercise of the Company's working capital or assets and liabilities level would be materially and adversely affected as a result of the repurchase of Shares, then the Directors shall not propose the exercise of the General Mandate for the Repurchase of Shares to that degree. The Directors shall at an appropriate time consider the prevailing market conditions, and in the best interest of the Company, make decisions on the number, price and other terms of Shares to be repurchased.

5. PRESENT INTENTION OF DIRECTORS AND THEIR CLOSE ASSOCIATES

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, their close associates (as defined in the Listing Rules), have any present intention to sell to the Company any of the Shares according to the General Mandate for the Repurchase of Shares if the relevant resolution is approved by the Shareholders.

6. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Hong Kong Stock Exchange that so far as relevant provisions may be applicable, they will exercise the powers of the Company to repurchase Shares pursuant to the Listing Rules and the applicable PRC laws and in accordance with the special resolution set out in the AGM notice and notices of Shareholders Class Meetings respectively.

7. EFFECT OF THE TAKEOVER CODE

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of the Directors exercising the power of the Company to repurchase Shares pursuant to the General Mandate for the Repurchase of Shares, such an increase will be treated as an acquisition of the voting rights pursuant to Rule 32 of the Takeovers Code. If such an increase results in the change in control, it could, under certain circumstances, result in the recommendation for a mandatory acquisition in accordance with Rule 26 of the Takeovers Code.

As of the Latest Practicable Date, to the best knowledge and belief of the Directors, the Directors are not aware of any consequence which may arise under the Takeovers Code and any similarly applicable laws as a consequence of any repurchase of Shares under the General Mandate for the Repurchase of Shares.

8. SHARE REPURCHASE MADE BY THE COMPANY

No repurchase of Shares has been made by the Company (whether on the Hong Kong Stock Exchange or otherwise) six months up to the Latest Practicable Date.

9. CORE CONNECTED PERSON

No core connected person (as defined in the Listing Rules) has notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so in the event that the repurchase of Shares is approved by the Shareholders.

10. MARKET PRICES

The highest and lowest closing prices of each month at which the H Shares have been traded on the Hong Kong Stock Exchange over the last 12 months are as follows:

| | Highest <i>Hong Kong</i> <i>dollars</i> | Lowest <i>Hong Kong</i> <i>dollars</i> |
|---|--|---|
| 2017 | | |
| May | 7.72 | 7.21 |
| June | 8.31 | 7.43 |
| July | 8.29 | 7.03 |
| August | 7.23 | 6.64 |
| September | 7.66 | 6.71 |
| October | 9.13 | 7.52 |
| November | 9.46 | 8.78 |
| December | 10.18 | 9.02 |
| 2018 | | |
| January | 12.50 | 10.32 |
| February | 11.74 | 9.92 |
| March | 11.00 | 9.62 |
| April | 10.04 | 7.28 |
| May (up to the Latest Practicable Date) | 7.68 | 7.00 |

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 or recorded in the register required to be kept under section 336 of the SFO, or who were directly and/or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings:

| Name of Shareholder | Type of Share | Amount of Share/ relevant Share amount ^(Note 1) | Percentages | Percentages |
|--|-----------------|--|--|--------------------------------------|
| | | | to relevant share capital types ^(Note 2) (%) | to the total share capital (%) |
| BAIC Group | Domestic Shares | 3,416,659,704 (L) | 62.18 | 42.63 |
| Beijing Shougang Company Limited (北京首鋼股份有限公司) | Domestic Shares | 1,028,748,707 (L) | 18.72 | 12.83 |
| Shenzhen Benyuan Jinghong Equity Investment Fund (Limited Partner) (深圳市本源晶鴻股權投 資基金企業(有限合夥)) | Domestic Shares | 342,138,918 (L) | 6.23 | 4.27 |
| Daimler AG | H Shares | 765,818,182 (L) | 30.38 | 9.55 |
| Citigroup Inc. | H Shares | 168,608,617 (L) | 6.68 | 2.10 |
| | | 4,584,500 (S) | 0.18 | 0.06 |
| | | 161,202,762 (P) | 6.39 | 2.01 |
| GIC Private Limited | H Shares | 127,012,500 (L) | 5.04 | 1.58 |

1. (L) – Long position, (S) – Short position, (P) – Lending pool;

2. 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', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, none of the Directors, Supervisors or chief executive had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were: (i) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 in Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of SFO); or (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

4. DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS AND/OR CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors had any direct or indirect interest in any assets which have been, since December 31, 2017, the date to which the latest published audited accounts 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, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

5. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

The Company has entered into service contracts with all of the Directors and Supervisors. As at the Latest Practicable Date, none of the Directors or Supervisors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

6. DIRECTORS' AND SUPERVISORS' POSITIONS IN SUBSTANTIAL SHAREHOLDERS

Save as disclosed in "9. COMPETING INTERESTS" in Appendix II to this circular, as at the Latest Practicable Date, the following Directors were in the employment of those companies which had interests or short positions in the shares or underlying shares of the Company which are required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

| Name of the Director | Position in the specific company |
|-----------------------------|---|
| Mr. Qiu Yinfu | Director of Beijing Shougang Company Limited |
| Mr. Hubertus Troska | Member of the board of management of Daimler AG |
| Mr. Bodo Uebber | Member of the board of management of Daimler AG |

7. 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 our Company.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since December 31, 2017, the date to which the latest published audited accounts of the Company were made up.

9. COMPETING INTERESTS

The chart below summarizes the information of the Directors and Supervisors serving in BAIC Group and its subsidiaries as at the Latest Practicable Date.

| Name | Major position(s) in the Group | Major position(s) within BAIC Group and its subsidiaries |
|-------------|--|--|
| Mr. Xu Heyi | <ul style="list-style-type: none"> Chairman of the Board and non-executive Director of the Company Chairman of the board of directors of Beijing Benz Chairman of the board of directors of Fujian Benz Automotive Co., Ltd. (福建奔馳汽車有限公司) | <ul style="list-style-type: none"> Chairman of the board of directors of BAIC Group Chairman of the board of directors of Beijing Electric Vehicle Co., Ltd. (北京新能源汽車股份有限公司) |

| Name | Major position(s) in the Group | Major position(s) within BAIC Group and its subsidiaries |
|--------------------|---|---|
| Mr. Zhang Xiyong | <ul style="list-style-type: none"> • Non-executive Director of the Company | <ul style="list-style-type: none"> • Director and general manager of BAIC Group • Chairman of the board of directors of Beiqi Foton Motor Co., Ltd. (北汽福田汽車股份有限公司) |
| Mr. Zhang Jianyong | <ul style="list-style-type: none"> • Non-executive Director of the Company • Director of Beijing Benz | <ul style="list-style-type: none"> • Deputy general manager of BAIC Group • Director of Beiqi Foton Motor Co., Ltd. (北汽福田汽車股份有限公司) • Chairman of the board of directors of BAIC Group Finance Co., Ltd. (北京汽車集團財務有限公司) • Executive director of BAIC Group Industrial Investment Co., Ltd. (北京汽車集團產業投資有限公司) • Director of Bank of Jiujiang (九江銀行) |
| Mr. Qiu Yinfu | <ul style="list-style-type: none"> • Non-executive Director of the Company • Director of BAIC Investment Co., Ltd. (北京汽車投資有限公司) | <ul style="list-style-type: none"> • Director of Beiqi Foton Motor Co., Ltd. (北汽福田汽車股份有限公司) |
| Ms. Wang Jing | <ul style="list-style-type: none"> • Non-executive Director of the Company | <ul style="list-style-type: none"> • Director of Beijing Electric Vehicle Co., Ltd. (北京新能源汽車股份有限公司) |
| Mr. Wang Min | <ul style="list-style-type: none"> • Supervisor of the Company | <ul style="list-style-type: none"> • Supervisor of Beijing Automotive Asset Operation Management Co., Ltd. (北京汽車資產經營管理有限公司) |

| Name | Major position(s) in the Group | Major position(s) within BAIC Group and its subsidiaries |
|----------------|---|--|
| Mr. Jiang Dali | <ul style="list-style-type: none"> • Supervisor of the Company | <ul style="list-style-type: none"> • Director of Beijing Electric Vehicle Co., Ltd. (北京新能源汽车股份有限公司) • Director of Beijing Hainachuan Automobile Components Corporation Limited (北京海納川汽車部件股份有限公司) |

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, Supervisors or their respective close associates was interested in any business apart from the business of the Group which competes or is likely to compete, either directly or indirectly, with the business of the Group.

10. EXPERT'S QUALIFICATION AND WRITTEN CONSENT

The following is the qualification of the expert who has given advice or recommendations, which are contained in this circular:

| Name | Qualification |
|----------------------|---|
| Gram Capital Limited | a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO |

At the Latest Practicable Date, Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

11. EXPERT'S INTERESTS

At the Latest Practicable Date, Gram Capital:

- (1) did not have any direct or indirect interest in any assets which have been, since December 31, 2017, the date to which the latest published audited accounts 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; and
- (2) 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.

12. MISCELLANEOUS

- (1) Ms. Mok Ming Wai from TMF Hong Kong Limited, an external service provider, has been engaged by the Company as the assistant to company secretary of the Company. The primary contact person of the Company is Mr. Gu Xin, secretary to the Board and company secretary of the Company.
- (2) The registered address of the Company is A5-061, Unit 101, 5th Floor, Building No. 1, Courtyard No. 99, Shuanghe Street, 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, 17/F, 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.

13. DOCUMENTS AVAILABLE 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 Financial Services Framework Agreement;
- (2) the letter from the Independent Board Committee, the text of which is set out on pages 26 to 27 of this circular;
- (3) the letter from Gram Capital, the Independent Financial Adviser, the text of which is set out on page 28 to 37 of this circular;
- (4) written consent issued by Gram Capital referred to in the paragraph headed "Expert's Qualification and Written Consent" above; and
- (5) this circular.

NOTICE OF 2017 AGM

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, 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 notice.



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)

NOTICE OF 2017 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2017 annual general meeting (“**2017 AGM**”) of BAIC Motor Corporation Limited (the “**Company**”) will be held at 9:30 a.m. on Friday, June 29, 2018 at Multi-purpose Hall, 1st Floor, the South Tower of Beijing Automotive Industry Research and Development Base, No. 99 Shuanghe Street, Renhe Town, 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 the context otherwise requires, capitalised terms used wherein shall have the same meanings as those defined in the circular of the Company dated May 15, 2018:

Ordinary Resolutions

1. Report of the Board of Directors for 2017
2. Report of the Board of Supervisors for 2017
3. Financial Report for 2017
4. Profits Distribution and Dividends Distribution Plan for 2017
5. Re-appointment of International Auditor and Domestic Auditor for 2018
6. Revised Maximum Daily Balance of and Revised Annual Caps for Interest Income from Deposits Placed by the Group with BAIC Finance under the Financial Services Framework Agreement for 2018 and 2019

* *For identification purpose only*

NOTICE OF 2017 AGM

7. Appointment of Non-executive Directors of the Company:
 - 7.1. Appointment of Mr. Lei Hai as Non-executive Director of the Company
 - 7.2. Appointment of Ms. Shang Yuanxian as Non-executive Director of the Company
 - 7.3. Appointment of Mr. Yan Xiaolei as Non-executive Director of the Company

Special Resolutions

8. General Mandate for the Issuance of Onshore and Offshore Corporate Debt Financing Instruments
9. General Mandate for the Issuance of Shares
10. General Mandate for the Repurchase of Shares
11. Proposed Amendments to the Articles of Association

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

Beijing, the PRC, May 15, 2018

Notes:

- (A) The register of members of the Company will be closed from Wednesday, May 30, 2018 to Friday, June 29, 2018 (both days inclusive), during which period no transfer of Shares will be effected. Holders of H Shares of the Company whose names appear on the register of H Shares of the Company, as maintained by Computershare Hong Kong Investor Services Limited at the close of business hours on Tuesday, May 29, 2018 are entitled to attend and vote at the 2017 AGM following completion of the registration procedures. To be eligible to attend and vote at the 2017 AGM, all the transfer documents of H Shares and Domestic Shares of the Company must be lodged 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 for holders of H Shares no later than 4:30 p.m. on Tuesday, May 29, 2018 or the China Securities Depository and Clearing Corporation Limited at No. 17 Tai Ping Qiao Street, Xicheng District, Beijing, the PRC for holders of Domestic Shares no later than 4:00 p.m. on Tuesday, May 29, 2018.
- (B) 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 Friday, July 6, 2018 to Wednesday, July 11, 2018 (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 the transfer documents of H Shares and Domestic Shares of the Company must be lodged 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 for holders of H Shares no later than 4:30 p.m. on Thursday, July 5, 2018, or China Securities Depository and Clearing Corporation Limited at No. 17 Tai Ping Qiao Street, Xicheng District, Beijing, the PRC for holders of Domestic Shares no later than 4:00 p.m. on Thursday, July 5, 2018.

NOTICE OF 2017 AGM

- (C) Shareholders intending to attend the 2017 AGM should complete and return the reply slip for attending the 2017 AGM in person, by facsimile or by post to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H Shares or the Board of Directors' Office at Room 3-062, Tower A, Beijing Automotive Industry Research and Development Base, No. 99 Shuanghe Street, Renhe Town, Shunyi District, Beijing, the PRC for holders of Domestic Shares on or before Saturday, June 9, 2018.
- (D) Each Shareholder entitled to attend and vote at the 2017 AGM may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the 2017 AGM on its behalf. A proxy need not be a Shareholder. With respect to any Shareholder who has appointed more than one proxy, the proxies may only vote on a poll.
- (E) 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 the 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.
- (F) 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 at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H Shares or the Board of Directors' Office at Room 3-062, Tower A, Beijing Automotive Industry Research and Development Base, No. 99 Shuanghe Street, Renhe Town, Shunyi District, Beijing, the PRC for holders of Domestic Shares, not less than 24 hours before the time appointed for the 2017 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.
- (G) A Shareholder or his proxy should produce proof of identity when attending the 2017 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.
- (H) The 2017 AGM is expected to last for half a day. Shareholders who attend the 2017 AGM shall bear their own travelling and accommodation expenses.

NOTICE OF 2018 FIRST DOMESTIC SHAREHOLDERS CLASS MEETING

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BAIC MOTOR CORPORATION LIMITED*

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(Stock Code: 1958)

NOTICE OF 2018 FIRST DOMESTIC SHAREHOLDERS CLASS MEETING

NOTICE IS HEREBY GIVEN that the 2018 First Domestic Shareholders Class Meeting (the “**Domestic Shareholders Class Meeting**”) of BAIC Motor Corporation Limited (the “**Company**”) will be held on Friday, June 29, 2018 right after the 2017 Annual General Meeting at Multi-purpose Hall, 1st Floor, the South Tower of Beijing Automotive Industry Research and Development Base, No. 99 Shuanghe Street, Renhe Town, Shunyi District, Beijing, the PRC for the purpose of considering, among others, and if thought fit, passing the following resolution (with or without modifications). Unless the context otherwise requires, capitalised terms used wherein shall have the same meanings as those defined in the circular of the Company dated May 15, 2018:

Special Resolution

1. General Mandate for the Repurchase of Shares

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

Beijing, the PRC, May 15, 2018

* For identification purpose only

NOTICE OF 2018 FIRST DOMESTIC SHAREHOLDERS CLASS MEETING

Notes:

- (A) The register of members of the Company will be closed from Wednesday, May 30, 2018 to Friday, June 29, 2018 (both days inclusive), during which period no transfer of the Domestic Shares will be effected. Holders of Domestic Shares of the Company whose names appear on the register of members of Domestic Shares of the Company, as maintained by China Securities Depository and Clearing Corporation Limited, at the close of business hours on Tuesday, May 29, 2018 are entitled to attend and vote at the Domestic Shareholders Class Meeting following completion of the registration procedures. To be eligible to attend and vote at the Domestic Shareholders Class Meeting, all the documents on transfers of domestic shares of the Company must be lodged with China Securities Depository and Clearing Corporation Limited at No. 17 Tai Ping Qiao Street, Xicheng District, Beijing, the PRC, for holders of Domestic Shares no later than 4:00 p.m. on Tuesday, May 29, 2018.
- (B) 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 Friday, July 6, 2018 to Wednesday, July 11, 2018 (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 China Securities Depository and Clearing Corporation Limited at No. 17 Tai Ping Qiao Street, Xicheng District, Beijing, the PRC for holders of Domestic Shares of the Company no later than 4:00 p.m. on Thursday, July 5, 2018.
- (C) Holders of Domestic Shares intending to attend the Domestic Shareholders Class Meeting shall complete and return the reply slip for attending the Domestic Shareholders Class Meeting to the Board of Directors' Office at Room 3-062, Tower A, Beijing Automotive Industry Research and Development Base, No. 99 Shuanghe Street, Renhe Town, Shunyi District, Beijing, the PRC by hand, by fax or by post on or before Saturday, June 9, 2018.
- (D) Each shareholder entitled to attend and vote at the Domestic Shareholders Class Meeting may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the Domestic Shareholders Class Meeting on its behalf. A proxy need not be a Shareholder. With respect to any Shareholder who has appointed more than one proxy, the proxies may only vote on a poll.
- (E) 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 the 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.
- (F) 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 Board of Directors' Office at Room 3-062, Tower A, Beijing Automotive Industry Research and Development Base, No. 99 Shuanghe Street, Renhe Town, Shunyi District, Beijing, the PRC not less than 24 hours before the time appointed for the Domestic Shareholders Class Meeting 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.
- (G) A Shareholder or his proxy should produce proof of identity when attending the Domestic Shareholders Class Meeting. 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.
- (H) The Domestic Shareholders Class Meeting is expected to last for half a day. Shareholders who attend the Domestic Shareholders Class Meeting shall bear their own travelling and accommodation expenses.

NOTICE OF 2018 FIRST H SHAREHOLDERS CLASS MEETING

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NOTICE OF 2018 FIRST H SHAREHOLDERS CLASS MEETING

NOTICE IS HEREBY GIVEN that the 2018 First H Shareholders Class Meeting (the “**H Shareholders Class Meeting**”) of BAIC Motor Corporation Limited (the “**Company**”) will be held on Friday, June 29, 2018 right after the 2018 First Domestic Shareholders Class Meeting at Multi-purpose Hall, 1st Floor, the South Tower of Beijing Automotive Industry Research and Development Base, No. 99 Shuanghe Street, Renhe Town, Shunyi District, Beijing, the PRC for the purpose of considering, among others, and if thought fit, passing the following resolution (with or without modifications). Unless the context otherwise requires, capitalised terms used wherein shall have the same meanings as those defined in the circular of the Company dated May 15, 2018:

Special Resolution

1. General Mandate for the Repurchase of Shares

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

Beijing, the PRC, May 15, 2018

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NOTICE OF 2018 FIRST H SHAREHOLDERS CLASS MEETING

Notes:

- (A) The register of members will be closed from Wednesday, May 30, 2018 to Friday, June 29, 2018 (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, as maintained by Computershare Hong Kong Investor Services Limited, at the close of business hours on Tuesday, May 29, 2018 are entitled to attend and vote at the H Shareholders Class Meeting following completion of the registration procedures. To be eligible to attend and vote at the H Shareholders Class Meeting, all the 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, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H Shares not later than 4:30 p.m., Tuesday, May 29, 2018.
- (B) 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 Friday, July 6, 2018 to Wednesday, July 11, 2018 (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 the transfer documents must be lodged 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 for holders of H Shares of the Company no later than 4:30 p.m. on Thursday, July 5, 2018.
- (C) Holders of H Shares intending to attend the H Shareholders Class Meeting shall complete and return the reply slip for attending the H Shareholders Class Meeting by hand, by fax or by post to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before Saturday, June 9, 2018.
- (D) Each Shareholder entitled to attend and vote at the H Shareholders Class Meeting may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the H Shareholders Class Meeting on its behalf. A proxy need not be a Shareholder. With respect to any Shareholder who has appointed more than one proxy, the proxy holders may only vote on a poll.
- (E) 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 the 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.
- (F) 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 at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H Shares, not less than 24 hours before the time appointed for the H Shareholders Class Meeting 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.
- (G) A Shareholder or his proxy should produce proof of identity when attending the H Shareholders Class Meeting. 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.
- (H) The H Shareholders Class Meeting is expected to last for half a day. Shareholders who attend the H Shareholders Class Meeting shall bear their own travelling and accommodation expenses.