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北京汽车
BAIC MOTOR

北京汽車股份有限公司

BAIC MOTOR CORPORATION LIMITED*

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

(Stock Code: 1958)

DISCLOSEABLE TRANSACTION CAPITAL INCREASE TO BEIJING BENZ

The Board hereby announces that on 26 March 2019, the Company, Daimler AG and its wholly-owned subsidiary, DGRC, entered into the Amendment Agreements of Joint Venture Contract, pursuant to which, in order to push forward the M254 engine technical upgrading project, the Mercedes-Benz C-Class (Model V206) generation upgrading project and the manufacturing upgrading and transformation project of the Beijing Branch of the Company, the Company, Daimler AG and DGRC agreed to make further capital contributions with a total of US\$892,837,903 based on their respective proportion in the current registered capital of Beijing Benz, a non wholly-owned subsidiary of the Company, among which US\$455,347,330, US\$345,215,776 and US\$92,274,797 will be contributed by the Company, Daimler AG and DGRC, respectively. Upon completion of the Capital Increase, the registered capital of Beijing Benz will be increased to US\$3,212,614,301.40, among which, an aggregate of US\$1,638,433,293.70 will be contributed by the Company, with the proportion of 51% unchanged. Beijing Benz remains a non wholly-owned subsidiary of the Company.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) calculated exceed 5% but are all less than 25%, the Capital Increase to Beijing Benz under the Amendment Agreements of Joint Venture Contract constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

As at the date of this announcement, since Daimler AG directly and indirectly holds 49% equity interest in Beijing Benz, a substantial non wholly-owned subsidiary of the Company, Daimler AG and its wholly-owned subsidiary, DGRC, are thus the connected persons at the subsidiary level of the Company under Chapter 14A of the Listing Rules. However, in accordance with Rule 14A.92(1) of the Listing Rules, the capital increase made by Daimler AG and DGRC to Beijing Benz, a subsidiary of the Company, based on their respective proportion in the current registered capital of Beijing Benz constitutes a fully exempted connected transaction, and is exempted from the announcement, reporting and Shareholders' approval requirements.

INTRODUCTION

The Board hereby announces that on 26 March 2019, the Company, Daimler AG and its wholly-owned subsidiary, DGRC, entered into the Amendment Agreements of Joint Venture Contract, pursuant to which, in order to push forward the M254 engine technical upgrading project, the Mercedes-Benz C-Class (Model V206) generation upgrading project and the manufacturing upgrading and transformation project of the Beijing Branch of the Company, the Company, Daimler AG and DGRC agreed to make further capital contributions with a total of US\$892,837,903 based on their respective proportion in the current registered capital of Beijing Benz, a non wholly-owned subsidiary of the Company, among which US\$455,347,330, US\$345,215,776 and US\$92,274,797 will be contributed by the Company, Daimler AG and DGRC, respectively. Upon completion of the Capital Increase, the registered capital of Beijing Benz will be increased to US\$3,212,614,301.40, among which, an aggregate of US\$1,638,433,293.70 will be contributed by the Company, with the proportion of 51% unchanged. Beijing Benz remains a non wholly-owned subsidiary of the Company.

AMENDMENT AGREEMENTS OF JOINT VENTURE CONTRACT

Principal terms of the Amendment Agreements of Joint Venture Contract are set out below:

- Parties:** the Company
Daimler AG
DGRC
- Date:** 26 March 2019
- Effective Date:** The Amendment Agreements of Joint Venture Contract shall become effective on 26 March 2019 after signing by duly authorized representatives of the parties and approval by the examination and approval authority.
- Capital Increase:** Pursuant to the Amendment Agreements of Joint Venture Contract, in order to push forward the M254 engine technical upgrading project, the Mercedes-Benz C-Class (Model V206) generation upgrading project and the manufacturing upgrading and transformation project of the Beijing Branch of the Company, the Company, Daimler AG and DGRC agreed to make further capital contributions with a total of US\$892,837,903 based on their respective proportion in the current registered capital of Beijing Benz, among which, US\$455,347,330, US\$345,215,776 and US\$92,274,797 will be contributed by the Company, Daimler AG and DGRC, respectively.
- Upon completion of the Capital Increase, the registered capital of Beijing Benz will be increased to US\$3,212,614,301.40 from US\$2,319,776,398.40, among which, an aggregate of US\$1,638,433,293.70 will be contributed by the Company, with the proportion of 51.000% unchanged; an aggregate of US\$1,242,156,344.42 will be contributed by Daimler AG, with the proportion of 38.665% unchanged; and an aggregate of US\$332,024,663.28 will be contributed by DGRC, with the proportion of 10.335% unchanged.

**Payment
Arrangement:**

- (1) The parties shall make their capital contributions of US\$107,978,871 before launch of the project in line with the progress of the M254 engine technical upgrading project. The Company and DGRC shall contribute the amount in RMB in cash or by dividend equivalent to US\$55,069,224 and US\$11,159,616, respectively; Daimler AG shall contribute an amount of US\$41,750,031 in cash or by dividend.
- (2) The parties shall make their capital contributions of US\$166,552,732 before launch of the project in line with the progress of the Mercedes Benz C-Class (Model V206) generation upgrading project. The Company and DGRC shall contribute the amount in RMB in cash or by dividend equivalent to US\$84,941,893 and US\$17,213,225, respectively; Daimler AG shall contribute an amount of US\$64,397,614 in cash or by dividend.
- (3) In order to push forward the manufacturing upgrading and transformation project of the Beijing Branch of the Company, the parties shall make their capital contributions with a total of US\$618,306,300 into Beijing Benz in accordance with the following timetable:
 - a. The first capital injection shall be US\$309,153,150: The Company and DGRC shall contribute the amount in RMB in cash or by dividend equivalent to US\$157,668,106.5 and US\$31,950,978, respectively; Daimler AG shall contribute an amount of US\$119,534,065.5 in cash or by dividend.
 - b. The contribution of remaining US\$309,153,150 shall be completed before launch of the the manufacturing upgrading and transformation project of the Beijing Branch of the Company: the Company and DGRC shall contribute an amount in RMB in cash or by dividend equivalent to US\$157,668,106.5 and US\$31,950,978, respectively; Daimler AG shall contribute an amount of US\$119,534,065.5 in cash or by dividend.

SHAREHOLDING STRUCTURE OF BEIJING BENZ PRIOR TO AND UPON COMPLETION OF THE CAPITAL INCREASE

The capital contribution by the shareholders of Beijing Benz and their proportions in the registered capital thereof as at the date of this announcement and upon completion of the Capital Increase are set out as follows:

Name of the Shareholders	As at the Date of This Announcement		Upon Completion of the Capital Increase	
	Contribution to the Registered Capital (US\$)	Proportion (%)	Contribution to the Registered Capital (US\$)	Proportion (%)
The Company	1,183,085,963.70	51.000%	1,638,433,293.70	51.000%
Daimler AG	896,940,568.42	38.665%	1,242,156,344.42	38.665%
DGRC	239,749,866.28	10.335%	332,024,663.28	10.335%
Total	<u>2,319,776,398.40</u>	<u>100.000%</u>	<u>3,212,614,301.40</u>	<u>100.000%</u>

FINANCIAL INFORMATION OF BEIJING BENZ

As at 30 September 2018, the total assets and net assets of Beijing Benz amounted to RMB96,284.59 million and RMB35,721.55 million, respectively. The table below sets forth the financial information of Beijing Benz for the years ended 31 December 2016 and 2017 and for the nine months ended 30 September 2018:

	For the year ended 31 December 2016 (RMB million) (Audited)	For the year ended 31 December 2017 (RMB million) (Audited)	For the nine months ended 30 September 2018 (RMB million) (Unaudited)
Net profit before taxation	14,224.72	24,019.99	21,300.26
Net profit after taxation	10,467.39	17,954.75	15,870.92

REASONS FOR AND BENEFITS OF THE TRANSACTION

Following an efficient, energy-saving and clean trend of development of engines and in order to improve the competitiveness of auxiliary products of vehicles, obtain market trend and achieve sustainable development, Beijing Benz is planning to introduce M254 engine which is newly developed by Daimler. In addition, in order to promote the market competitiveness of the Mercedes-Benz C-Class and maintain its competitive edge in the market segment, Beijing Benz is planning to launch the production of Model V206, an upgraded model of Model V205 of Mercedes-Benz C-Class. In view of the aforesaid plans and in order to respond to the requirements of the State on actively developing the new energy vehicle industry, quickly establish its presence in the new energy vehicle sector and maintain its leading position in the market, Beijing Benz proposed to initiate the Capital Increase.

By capital increase in Beijing Benz, the Company will facilitate the further expansion in the business scale and scope of Beijing Benz, help Beijing Benz maintain its sustained rapid development, and maximize the interests of its Shareholders while securing return on investment.

The Directors are of the view that (i) the terms and conditions of the Amendment Agreements of Joint Venture Contract are fair and reasonable; (ii) the Transaction is on normal commercial terms and in the ordinary and usual course of business of the Company; and (iii) the Transaction is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) calculated exceed 5% but are all less than 25%, the Capital Increase to Beijing Benz under the Amendment Agreements of Joint Venture Contract constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

As at the date of this announcement, since Daimler AG directly and indirectly holds 49% equity interest in Beijing Benz, a substantial non wholly-owned subsidiary of the Company, Daimler AG and its wholly-owned subsidiary, DGRC, are thus the connected persons at the subsidiary level of the Company under Chapter 14A of the Listing Rules. However, in accordance with Rule 14A.92(1) of the Listing Rules, the capital increase made by Daimler AG and DGRC to Beijing Benz, a subsidiary of the Company, based on their respective proportion in the current registered capital of Beijing Benz constitutes a fully exempted connected transaction, and is exempted from the announcement, reporting and Shareholders' approval requirements.

GENERAL INFORMATION

Information on the Company

The Company is a company limited by shares incorporated in the PRC. The Company is a leading manufacturer of passenger vehicles in the PRC. The Company is engaged in the design, research and development, manufacturing and sales of an extensive and diversified portfolio of passenger vehicle models, and the provision of related services in the PRC. The Company 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 Beijing Benz

Beijing Benz (previously known as Beijing Jeep Motor Co., Ltd. and Beijing Benz-Daimler Chrysler Automotive Co., Ltd.) is a company incorporated in the PRC on 1 July 1983, a non wholly-owned subsidiary of the Company, with 51% equity interest owned by the Company, the remaining 38.665% owned by Daimler AG and 10.335% owned by DGRC, respectively.

Information on Daimler AG

Daimler AG is a company established in Germany in 1886. Daimler AG is one of the largest producers of premium cars and commercial vehicles in terms of sales volume globally. Its principal businesses include producing premium automobiles, trucks, vans and buses, and providing tailored services for these products. As at the date of this announcement, Daimler AG directly and indirectly holds 49% equity interest in Beijing Benz, a substantial non wholly-owned subsidiary of the Company, and is a connected person at the subsidiary level of the Company.

Information on DGRC

DGRC is a wholly foreign-owned company duly incorporated in the PRC. DGRC is previously known as Daimler Northeast Asia Ltd., established in January 2001 in Beijing, a wholly-owned subsidiary of Daimler AG and a connected person at the subsidiary level of the Company.

DEFINITION

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

“Amendment Agreements of Joint Venture Contract”	the collection of the Eighteenth Amendment Agreement Amending Amended and Restated Joint Venture Contract for Beijing Benz Automotive Co., Ltd., Nineteenth Amendment Agreement Amending Amended and Restated Joint Venture Contract for Beijing Benz Automotive Co., Ltd. and Twentieth Amendment Agreement Amending Amended and Restated Joint Venture Contract for Beijing Benz Automotive Co., Ltd. entered into by the Company, Daimler AG and DGRC on 26 March 2019, in relation to the Capital Increase with an aggregate of US\$892,837,903 in Beijing Benz by the Company, Daimler AG and DGRC in proportion to their shareholdings in Beijing Benz
“Beijing Benz”	Beijing Benz Automotive Co., Ltd. (北京奔馳汽車有限公司) (previously known as Beijing Jeep Motor Co., Ltd. and Beijing Benz-Daimler Chrysler Automotive Co., Ltd.), a company incorporated in the PRC on 1 July 1983, a subsidiary of the Company, with 51% equity interest owned by the Company and 38.665% owned by Daimler AG and 10.335% owned by DGRC
“Board”	the board of directors of the Company
“Capital Increase”	a capital increase with a total of US\$892,837,903 in Beijing Benz by the Company, Daimler AG and DGRC in proportion to their shareholdings in Beijing Benz, among which, US\$455,347,330, US\$345,215,776 and US\$92,274,797 will be contributed by the Company, Daimler AG and DGRC, respectively
“Company”	BAIC Motor Corporation Ltd. (北京汽車股份有限公司), a company limited by shares duly incorporated and validly existing under the laws of the PRC, whose H shares are listed on the Hong Kong Stock Exchange
“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
“Daimler AG”	Daimler AG, a company established in Germany in 1886, which is a connected person of the Company

“DGRC”	Daimler Greater China Ltd. (戴姆勒大中華區投資有限公司), a company incorporated and existing under the laws of the PRC, which is a connected person of the Company
“Director(s)”	the directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended from time to time
“PRC” or “China”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Transaction”	the transaction entered into by the Company, Daimler AG and DGRC under the Amendment Agreements of Joint Venture Contract
“US\$”	United States Dollars, the lawful currency of the United States of America
“%”	percentage

By order of the Board
BAIC Motor Corporation Limited
Wang Jianhui
Secretary to the Board and Company Secretary

Beijing, the PRC, 26 March 2019

As at the date of this announcement, the Board comprises Mr. Xu Heyi, as Chairman of the Board and non-executive Director; Ms. Shang Yuanxian and Mr. Yan Xiaolei, as non-executive Directors; Mr. Chen Hongliang, as executive Director; Mr. Xie Wei, Mr. Qiu Yinfu, Mr. Hubertus Troska, Mr. Bodo Uebber, Ms. Jiao Ruifang and Mr. Lei Hai, as non-executive Directors; and Mr. Ge Songlin, Mr. Wong Lung Tak Patrick, Mr. Bao Robert Xiaochen, Mr. Zhao Fuquan and Mr. Liu Kaixiang, as independent non-executive Directors.

* *For identification purpose only*