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北京汽车
BAIC MOTOR

北京汽車股份有限公司

BAIC MOTOR CORPORATION LIMITED*

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

(Stock Code: 1958)

**REVISION OF THE 2019 ANNUAL CAP
FOR THE CONTINUING CONNECTED TRANSACTIONS UNDER
THE GENERAL PRODUCT SUPPLY SERIES AGREEMENTS**

References are made to the announcements of the Company dated 12 July 2017 and 22 March 2018 respectively, which contain information in relation to the continuing connected transactions entered into between the Company and Daimler AG under the General Product Supply Series Agreements and information in relation to the revision of the 2018 and 2019 annual caps for the continuing connected transactions under the General Product Supply Series Agreements.

The Board resolved on 22 July 2019 to revise the 2019 annual cap for the transactions to purchase from Daimler AG the automobile parts, components and materials by the Company under the General Product Supply Series Agreements from RMB574.0 million to RMB882.0 million.

As at the date of this announcement, Daimler AG, who directly and indirectly holds 49% equity interests in Beijing Benz, a significant non wholly-owned subsidiary of the Company, is a substantial shareholder of Beijing Benz. Thus, Daimler AG is a connected person of the Company at the subsidiary level. The transactions contemplated between the Company and Daimler AG under the General Product Supply Series Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the 2019 annual cap for the transactions to purchase from Daimler AG the automobile parts, components and materials by the Company under the General Product Supply Series Agreements is more than 1% but less than 5%, the above-mentioned revision of the 2019 annual cap shall be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but exempted from the Independent Shareholders' approval requirement.

BACKGROUND

References are made to the announcements of the Company dated 12 July 2017 and 22 March 2018 respectively, which contain information in relation to the continuing connected transactions entered into between the Company and Daimler AG under the General Product Supply Series Agreements and information in relation to the revision of the 2018 and 2019 annual caps for the continuing connected transactions under the General Product Supply Series Agreements.

REVISION OF THE 2019 ANNUAL CAP FOR THE CONTINUING CONNECTED TRANSACTIONS UNDER THE GENERAL PRODUCT SUPPLY SERIES AGREEMENTS

The Annual Caps for the Continuing Connected Transactions under the General Product Supply Series Agreements

Pursuant to the General Supply Series Agreements, the Company will purchase from Daimler AG the parts, components, materials and services used for manufacturing and production of vehicles. As disclosed in the announcements of the Company dated 12 July 2017 and 22 March 2018 respectively, the annual caps in respect of the transactions to purchase from Daimler AG the automobile parts, components and materials by the Company under the General Product Supply Series Agreements for the three years ending 31 December 2019 are set out as follows:

	Annual Caps		
	Year ended 31 December 2017 (RMB million)	Year ended 31 December 2018 (RMB million)	Year ending 31 December 2019 (RMB million)
Transactions to purchase from Daimler AG the automobile parts, components and materials by the Company	434.1	1,924.8	574.0

The Historical Transaction Amounts for the Continuing Connected Transactions under the General Product Supply Series Agreements

The historical transaction amounts for the continuing connected transactions under the General Product Supply Series Agreements for the two years ended 31 December 2018 and the six months ended 30 June 2019 are set out as follows:

	Historical Transaction Amounts		
	Year ended 31 December 2017 (RMB million)	Year ended 31 December 2018 (RMB million)	Six months ended 30 June 2019 (RMB million)
Transactions to purchase from Daimler AG the automobile parts, components and materials by the Company	96.4	1,396.8	557.3

The Directors have been monitoring the transaction amounts of the continuing connected transactions under the General Product Supply Series Agreements. For the two years ended 31 December 2018 and as at the date of this announcement, the existing annual caps for the continuing connected transactions under the General Product Supply Series Agreements for the two years ended 31 December 2018 and for the year ending 31 December 2019 have not been exceeded.

Revised Annual Cap for the Year Ending 31 December 2019

With the continuing development of the business and based on the demand forecast and operation status, the Directors expect that the existing 2019 annual cap for the continuing connected transactions contemplated under the General Product Supply Series Agreements will not be sufficient to meet the requirements of the Company.

Based on the estimation of the aggregate amount of transactions to purchase from Daimler AG the automobile parts, components and materials by the Company for the year of 2019, the Board resolved on 22 July 2019 to revise the relevant 2019 annual cap as follows:

Revised Annual Cap Year ending 31 December 2019 (RMB million)

Transactions to purchase from Daimler AG the automobile parts, components and materials by the Company	882.0
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Basis of Determination of the Revised 2019 Annual Cap

In determining the revised annual cap for the transactions to purchase from Daimler AG the automobile parts, components and materials by the Company under the General Product Supply Series Agreements, the Company mainly considers the following factors:

- (i) The payment by the Company of the consideration payable for the transactions to purchase from Daimler AG the automobile parts, components and materials in 2018 (approximately RMB200 million) has been postponed to 2019 due to customs clearance and payment of foreign currency;
- (ii) It is expected that the amount of usage of the related automobile parts, components and materials will further increase in 2019; and
- (iii) In response to any unanticipated increase in the price of the automobile parts, components and materials of Daimler AG in 2019 and exchange rate fluctuation of the Euro, the Company set aside a certain buffer for the revised annual caps for the transactions to purchase the automobile parts, components and materials by the Company under the General Product Supply Series Agreements.

Listing Rules Implications

As at the date of this announcement, Daimler AG, who directly and indirectly holds 49% equity interests in Beijing Benz, a significant non wholly-owned subsidiary of the Company, is a substantial shareholder of Beijing Benz. Thus, Daimler AG is a connected person of the Company at the subsidiary level. The transactions contemplated between the Company and Daimler AG under the General Product Supply Series Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the 2019 annual cap for the transactions to purchase from Daimler AG the automobile parts, components and materials by the Company under the General Product Supply Series Agreements is more than 1% but less than 5%, the above-mentioned revision of the 2019 annual cap shall be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but exempted from the Independent Shareholders' approval requirement.

Opinion of the Directors

The Directors (including the independent non-executive Directors) are of the view that the revised 2019 annual cap for the transactions to purchase from Daimler AG the automobile parts, components and materials by the Company under the General Product Supply Series Agreements is fair and reasonable, and is in the interests of the Company and its Shareholders as a whole.

The following Directors, being Mr. Hubertus Troska and Mr. Harald Emil Wilhelm, also hold office in Daimler AG. Therefore, they were deemed to have material interests in the above-mentioned continuing connected transactions contemplated between the Company and Daimler AG 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.

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 consumer demands for different types of vehicles.

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.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Benz”	means 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 non wholly-owned subsidiary of the Company with 51.0% equity interest owned by the Company, 49.0% directly or indirectly owned by Daimler AG
“Board”	means the board of directors of the Company
“Company”	means BAIC Motor Corporation Limited (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”	means Daimler AG, a company established in Germany in 1886, which is a substantial shareholder of Beijing Benz, a significant non wholly-owned subsidiary of the Company, and a connected person of the Company
“Director(s)”	means the director(s) of the Company
“General Product Supply Series Agreements”	means a series of agreements entered into between the Company and Daimler AG in relation to purchase by the Company from Daimler AG the parts, components, materials and services used for manufacturing and production of vehicles, details of which please refer to the announcements of the Company dated 12 July 2017 and 22 March 2018, respectively
“Group”	means the Company and its subsidiaries
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time

“PRC” or “China”	means The People’s Republic of China, for the purpose of this announcement only, excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“RMB”	means Renminbi, the lawful currency of the PRC
“Shareholder(s)”	means the shareholder(s) of the Company
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“%”	means percentage

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

Beijing, the PRC, 22 July 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. Harald Emil Wilhelm, Mr. Jin Wei 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*