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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)

MAJOR AND CONTINUING CONNECTED TRANSACTIONS

**(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
WITH BAIC GROUP**

**(2) ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS
WITH MERCEDES-BENZ AG**

**(3) ENTRY OF FINANCIAL SERVICES FRAMEWORK AGREEMENT WITH
BAIC GROUP**

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

As the terms of each of (i) the Property and Facility Leasing Framework Agreement, (ii) the Products and Services Purchasing Framework Agreement, (iii) the Provision of Products and Services Framework Agreement, and (iv) the Trademark Licensing Framework Agreement, and the applicable annual caps for the continuing connected transactions thereunder will expire on 31 December 2025, on 26 August 2025, the Board resolved to renew each of the aforesaid framework agreements that are about to expire for a further term of three years from 1 January 2026 to 31 December 2028.

**ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS WITH
MERCEDES-BENZ AG**

As the annual caps for the continuing connected transactions for the sales of vehicles by Beijing Benz to Mercedes-Benz AG and its associates will expire on 31 December 2025, accordingly, the Board has resolved to propose new annual caps for the transactions for each of the three years ending 31 December 2028.

**ENTRY OF FINANCIAL SERVICES FRAMEWORK AGREEMENT WITH BAIC
GROUP**

On 26 August 2025, the Company and BAIC Group entered into the Financial Services Framework Agreement, pursuant to which BAIC Group has agreed to provide financial services to the Group through its relevant subsidiaries with the corresponding financial business qualifications. The Financial Services Framework Agreement will be effective from 1 January 2026 to 31 December 2028.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BAIC Group is the sole controlling shareholder of the Company and holds approximately 46.90% of the total issued share capital of the Company, thus it is a connected person of the Company. The transactions contemplated between the Company and BAIC Group under the renewed Property and Facility Leasing Framework Agreement, the renewed Products and Services Purchasing Framework Agreement, the renewed Provision of Products and Services Framework Agreement, the renewed Trademark Licensing Framework Agreement and the Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, Mercedes-Benz AG directly and indirectly holds 49.0% equity interest in Beijing Benz, a non-wholly owned subsidiary of the Company, thus Mercedes-Benz AG and its associates are connected persons of the Company at the subsidiary level. Accordingly, the sales of vehicles by Beijing Benz to Mercedes-Benz AG and its associates constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the proposed annual caps for (i) the maximum daily balance of deposits placed by the Group with relevant subsidiaries of BAIC Group that have the corresponding financial business qualifications and (ii) the interest income from deposits placed by the Group with relevant subsidiaries of BAIC Group that have the corresponding financial business qualifications under the Financial Services Framework Agreement, is on an aggregate basis, more than 25%, such transaction constitutes a major transaction and continuing connected transaction of the Company and is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the proposed annual caps for each of the Partially Exempt Continuing Connected Transactions is more than 0.1% but less than 5%, such continuing connected transactions are only subject to the reporting, announcement and annual review requirements, but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the proposed annual caps for each of (i) the charges for other financial services contemplated under the Financial Services Framework Agreement; and (ii) the Non-Exempt Continuing Connected Transactions is more than 5%, such continuing connected transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2025 SECOND EGM

The Company will convene the 2025 Second EGM for the purpose of, among other things, obtaining the Independent Shareholders' approval for (i) the Non-Exempt Continuing Connected Transactions; and (ii) the Financial Services Framework Agreement.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders on each of (i) the Non-Exempt Continuing Connected Transactions; and (ii) the Financial Services Framework Agreement. Everbright Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same matter.

A circular containing, among other things, (a) further details of (i) the Non-Exempt Continuing Connected Transactions; and (ii) the Financial Services Framework Agreement; (b) a letter of advice from Everbright Capital to the Independent Board Committee and the Independent Shareholders; (c) a letter from the Independent Board Committee to the Independent Shareholders on the same and its recommendation on voting; and (d) the notice of the 2025 Second EGM, will be sent to the Shareholders on or before 30 September 2025 as more time is needed to prepare and finalise the information that is required to be disclosed in the circular under the Listing Rules.

I. RENEWAL AND ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS

As the terms of each of (i) the Property and Facility Leasing Framework Agreement, (ii) the Products and Services Purchasing Framework Agreement, (iii) the Provision of Products and Services Framework Agreement, and (iv) the Trademark Licensing Framework Agreement, and the applicable annual caps for the continuing connected transactions thereunder will expire on 31 December 2025, on 26 August 2025, the Board resolved to renew each of the aforesaid framework agreements that are about to expire for a further term of three years from 1 January 2026 to 31 December 2028.

A. Renewal of the Property and Facility Leasing Framework Agreement

The principal terms of the renewed Property and Facility Leasing Framework Agreement are as follows:

Parties:	(1) BAIC Group
	(2) the Company
Date:	26 August 2025

Term: The term of the renewed Property and Facility Leasing Framework Agreement will commence on 1 January 2026 and end on 31 December 2028, subject to renewal through mutual consent by the parties.

Principal Terms: According to the renewed Property and Facility Leasing Framework Agreement, the Group will lease properties and facilities from/to BAIC Group and/or its subsidiaries for manufacturing specific passenger vehicles.

The rent payable under the renewed Property and Facility Leasing Framework Agreement shall be agreed based on negotiations between the relevant parties with reference to market rates at relevant location and subject to relevant laws and regulations of the PRC.

Specific agreements shall be entered into stipulating the specific terms and conditions (including rents, payment methods and other usage fees) in respect of relevant leased properties and facilities.

The rents shall be paid in accordance with the specific agreements to be signed by members of the Group and BAIC Group and/or its subsidiaries.

Pricing Policy: The monthly rents payable were determined after arm's length negotiations between the relevant parties based on the following: (i) the rents for office space will be calculated on a per month per square meter basis at rates with reference to the prevailing market price of properties of comparable size and quality in the same locality; and (ii) the rents for the properties and facilities used for production will be calculated by taking into account the estimated cost incurred as a result of utilisation of the properties and facilities and the unit depreciation value of such properties and facilities.

Based on current market conditions, the Company is of the view that the rents under the renewed Property and Facility Leasing Framework Agreement are fair and reasonable and represent the prevailing market rates for similar properties in their locality that are used for similar purposes in Beijing, the PRC and also reflect the expected costs and unit depreciation value of the properties and facilities.

Reasons and Benefits:

The Company has leased certain properties from the BAIC Group and/or its subsidiaries for a long period of time. The leased properties are mainly located in Beijing, the PRC, and are generally used for office, staff dormitory, storage and production. Compared with independent third parties, BAIC Group has a better understanding of the property requirements of the Group in relation to office premises, warehousing and production usage. In addition, relocating the Group's offices, warehouses and plants to other premises will cause unnecessary disruptions to the Group's operation and unnecessary costs.

The Company expects that it will, from time to time, lease properties and facilities to other parties, including BAIC Group and/or its subsidiaries, in the future. Compared with independent third parties, the Company has a better understanding of the requirements of BAIC Group and/or its subsidiaries on office space and properties and facilities used for production.

1. Historical Transaction Amounts

Historical transaction amounts in respect of the rents paid/received by the Group to/from BAIC Group and/or its subsidiaries for properties and facility leasing for the preceding three years ended 31 December 2024 are as follows:

	For the year ended 31 December		
	2022	2023	2024
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Rents paid to BAIC Group and/or its subsidiaries	122.4	123.2	128.5
Rents received from BAIC Group and/or its subsidiaries	17.6	23.1	28.6

As at the date of this announcement, the existing annual caps for the year ending 31 December 2025 have not been exceeded.

2. *Proposed Annual Caps for the Three Years Ending 31 December 2028*

On 26 August 2025, the Board resolved to set the annual caps for the continuing connected transactions between the Group and BAIC Group and/or its subsidiaries under the renewed Property and Facility Leasing Framework Agreement for the next three years ending 31 December 2028 as follows:

	For the year ending 31 December		
	2026	2027	2028
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Rents to be paid to BAIC Group and/or its subsidiaries	426	426	426
Rents to be received from BAIC Group and/or its subsidiaries	256	256	256

3. *Basis of Determination of the Proposed Annual Caps*

The above proposed annual caps for rents to be paid to BAIC Group and/or its subsidiaries for properties and facility leasing were determined based on: (i) the total gross floor area of the properties leased by the Group from BAIC Group and its subsidiaries; (ii) the unit rent agreed under the property leasing contracts entered into between BAIC Group and its subsidiaries and the Group; and (iii) the demand for leased office space and facility leasing in the next three years based on business expansion plans.

The above proposed annual caps for rents to be received from BAIC Group and/or its subsidiaries for properties and facility leasing were determined based on: (i) the scope of properties and facilities expected to be utilised by BAIC Group and/or its subsidiaries in the next three years; (ii) the estimated cost to be incurred by the Group as a result of utilisation by BAIC Group and/or its subsidiaries and the estimated depreciation value of such properties and facilities; and (iii) the demand for leased property space and facility leasing in the next three years based on the business expansion plans of BAIC Group.

4. *Opinion of the Directors*

The Directors (including the independent non-executive Directors, but excluding those Directors who have abstained from voting as further detailed below) are of the view that transactions under the renewed Property and Facility Leasing Framework Agreement will be conducted on normal commercial terms, and the terms and conditions therein as well as the proposed annual caps aforementioned are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

B. Renewal of the Products and Services Purchasing Framework Agreement

The principal terms of the renewed Products and Services Purchasing Framework Agreement are as follows:

Parties: (1) BAIC Group
(2) the Company

Date: 26 August 2025

Term: The term of the renewed Products and Services Purchasing Framework Agreement will commence on 1 January 2026 and end on 31 December 2028, subject to the renewal through mutual consent by the parties.

Principal Terms: According to the renewed Products and Services Purchasing Framework Agreement, BAIC Group and/or its subsidiaries will provide several types of products and services to the Group. These products will include equipment, raw materials, components and vehicles and related technologies, related derivatives derived from these products (including but not limited to energy credits, carbon emissions policy trading), while these services will include labor services, logistics services, transportation services, technical services and consultancy services.

Members of the Group on the one hand and BAIC Group and/or its subsidiaries on the other hand will enter into specific agreements for each of the specific transactions contemplated under the renewed Products and Services Purchasing Framework Agreement, provided that such specific agreements shall follow the principles as set out in the renewed Products and Services Purchasing Framework Agreement.

The product prices and service fees shall be paid in accordance with the specific agreements to be signed by members of the Group and BAIC Group and/or its subsidiaries under the renewed Products and Services Purchasing Framework Agreement.

Pricing Policy:

General policy

In order to ensure that the terms of individual transactions in respect of the purchase of products and comprehensive services by the Group from BAIC Group are fair and reasonable and in line with market practices, the Group has adopted the following measures:

- (i) to have regular contact with the suppliers of the Group (including BAIC Group) to keep abreast of market developments and the price trend of comprehensive services;
- (ii) before placing an individual purchase order, to invite a certain number of suppliers (including BAIC Group) from the approved list of suppliers of the Group to submit quotations or proposals; and
- (iii) to have the suppliers and pricing of products and comprehensive services determined by the collective decision of the Company's tender assessment board according to the Company's administrative measures for market quotations. Members of the tender assessment board include representatives from the procurement department, research and development department, discipline inspection department, finance department and audit department. Procurement engineers, product engineers and supplier quality management engineers will also participate in the assessment to review and compare the quotations or proposals received and assess the same based on various factors such as pricing, flexibility, quality and after-sales service.

Where there are other independent suppliers, the Group will obtain quotations for comparable products or services that may be available from other independent suppliers in order to determine whether viable alternatives of comparable quality can be obtained at the most competitive price and in a timely manner. If alternatives are available, the Group will conduct a tender process before selecting suppliers for such alternatives. In such a tender process, the connected persons and their associates are treated no differently from any other independent suppliers. Consequently, the purchase of products and comprehensive services by the Group from connected persons of the Company and their associates would not be made if the Group could obtain better terms from any other suppliers.

Raw materials and automobile parts and components

Raw materials and automobile parts and components have historically been, and will continue to be, priced with reference to a combination of factors, including costs of materials, labor costs and employee benefit expenses, electricity and other utility costs, depreciation, machinery maintenance costs and selling and administrative expenses which are attributable to the procurement or production of such raw materials and components as well as automotive part products.

The prices of raw materials and automobile parts and components provided by BAIC Group and/or its subsidiaries are determined with reference to actual costs or reasonable costs (whichever is lower) incurred plus a profit margin within the pre-agreed arm's length range determined in the following order: (i) at prices not higher than the market prices; and (ii) if no comparable market price, at prices with reference to actual costs or reasonable costs (whichever is lower) incurred plus a profit margin within the pre-agreed arm's length range.

To monitor that the prices charged by BAIC Group and/or its subsidiaries are fair and reasonable, the Group has historically requested, prior to entering into individual supply agreements with BAIC Group and/or its subsidiaries, and will continue to request that BAIC Group and/or its subsidiaries provides a schedule of the costs being incurred by BAIC Group and/or its subsidiaries in respect of the raw materials and automotive parts and components being supplied by BAIC Group and/or its subsidiaries. Once such schedule is received, the Company has historically and will continue to (i) assess independently whether the costs incurred are fair and reasonable; (ii) request clarification and supporting documents if we are of the view that the costs of items stated by BAIC Group and/or its subsidiaries are materially different from the costs that were quoted by BAIC Group and/or its subsidiaries historically; and (iii) verify that the profit margin on the total costs incurred by BAIC Group and/or its subsidiaries falls within the pre-agreed range of profit margins. To ensure that the price offered will not be less favourable than those offered by independent service suppliers, the Company will seek for and refer to quotations from not less than two independent third-party suppliers after the arms-length negotiation. In addition, the procurement department will also monitor automotive parts and components prices and global commodity prices regularly to ensure that the price of automotive parts and components and raw materials purchased are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Logistics services

Logistics services to be provided by BAIC Group and/or its subsidiaries include transportation and storage services. The fees of logistics services are charged on the basis of the value of the complete vehicles, parts and components, custodial requirements, size and level of inventories, delivery and handling requirements and the number of vehicles. When determining the prices, the procurement department of the Group has made reference to the market prices charged for logistics services by other comparable automotive enterprises based on its extensive expertise and experience. The Company periodically asks for quotations from at least two independent third party logistic companies, to ensure prices quoted by BAIC Group and/or its subsidiaries are fair and reasonable. In the event that the quoted prices are lower than the existing prices for logistic services provided by BAIC Group and/or its subsidiaries, the Group will request BAIC Group and/or its subsidiaries to adjust the prices to a market reasonable level.

Other services

Other services to be offered by BAIC Group and/or its subsidiaries mainly include advertisement and marketing, technical services and consulting, back-office support and training. The services fees for these services charged by BAIC Group and/or its subsidiaries are determined by arm's length negotiations between the relevant parties. The Group will make reference to the historical fees of such comprehensive services and will also refer to the comparable market prices, to ensure that the terms of services provided by BAIC Group and/or its subsidiaries are fair and reasonable to the Group. Comparable market prices are generally obtained through quotations provided by independent suppliers offering similar services. In the event that the service prices charged by BAIC Group and/or its subsidiaries are higher than the prices quoted by independent third parties, the Group will request BAIC Group and/or its subsidiaries to adjust the prices of connect transactions to a reasonable level.

Reasons and Benefits:

In the ordinary and usual course of business, the Group purchases products and services from BAIC Group and/or its subsidiaries. The Company has been using the products and services provided by BAIC Group and/or its subsidiaries for several years. BAIC Group has been providing the Group with a long-term stable supply. As a result, BAIC Group and/or its subsidiaries understand the Group's business and operational requirements well. It is crucial to maintain a stable and quality supply of products and comprehensive services for the Company's existing and future production and operation. With reference to the previous purchasing experience with BAIC Group and/or its subsidiaries, BAIC Group can efficiently fulfil the Group's requirements with stable and quality supply of products and comprehensive services.

Automobile parts and components and raw materials

The Group is capable of carrying on its business independently of BAIC Group as it can procure the parts and components and raw materials supplied by BAIC Group and/or its subsidiaries from independent third parties. The purchases of automobile parts and components and raw materials from BAIC Group and/or its subsidiaries would benefit the Group for the following reasons:

- (i) the purchases from BAIC Group and/or its subsidiaries will be at competitive prices not less favourable than those that can be obtained by the Group from independent third parties;
- (ii) BAIC Group and/or its subsidiaries are familiar with the Group's specifications, standards and requirements on automobile parts and components and raw materials; and
- (iii) it is crucial for the Group to maintain the stability in supply and quality of automobile parts and components and raw materials for the existing and future production needs. In view of the product purchasing experience with BAIC Group and/or its subsidiaries, the Company is of the view that BAIC Group and/or its subsidiaries can effectively fulfil the Company's requirements for supply stability as well as quality.

Logistics services

BAIC Group and/or its subsidiaries provides logistics services for the complete vehicles, parts and components of the Group, including transportation and storage services. The purchase of logistics services from BAIC Group and/or its subsidiaries would benefit the Group for the following reasons:

- (i) BAIC Group and/or its subsidiaries has been providing the Group with long-term stable supply and consistent quality services, being familiar with the Group's certain special requirements on the transportation of complete vehicles and automobile parts and components;
- (ii) meanwhile, warehouse centers of BAIC Group and/or its subsidiaries are in geographical proximity to the Company's production plant, which facilitates the transportation of complete vehicles and parts and components, thereby lowering the logistics costs and shortening transportation time; and
- (iii) the transportation service fees charged by BAIC Group and/or its subsidiaries are no less favourable than the fees charged to the Group by independent third parties.

Other services

The procurement of marketing, technical, consulting and supporting services from BAIC Group and/or its subsidiaries would benefit to the Group for the following reasons:

- (i) BAIC Group and/or its subsidiaries have a long-term and stable partnership with the Group and fully understand certain needs of the Group in respect of marketing, technology research and development, etc.;
- (ii) the related services provided by BAIC Group and/or its subsidiaries are of reliable quality, cost effective and easily localised, and therefore it is in the interests of the Group to continue to procure such services from BAIC Group and/or its subsidiaries as a matter of urgency; and
- (iii) the fees charged by BAIC Group and/or its subsidiaries for the related services are not higher than the fees charged by independent third parties to the Group.

1. Historical Transaction Amounts

Historical transaction amounts in respect of the continuing connected transactions between the Group and BAIC Group and/or its subsidiaries under the Products and Services Purchasing Framework Agreement for the preceding three years ended 31 December 2024 are as follows:

	For the year ended 31 December		
	2022	2023	2024
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Purchase of products	27,093.9	33,255.1	32,571.7
Purchase of services	4,309.5	4,648.5	4,944.6

As at the date of this announcement, the existing annual caps for the year ending 31 December 2025 have not been exceeded.

2. Proposed Annual Caps for the Three Years Ending 31 December 2028

On 26 August 2025, the Board resolved to set the annual caps for the continuing connected transactions between the Group and BAIC Group and/or its subsidiaries under the renewed Products and Services Purchasing Framework Agreement for the next three years ending 31 December 2028 as follows:

	For the year ending 31 December		
	2026	2027	2028
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Purchase of products	52,633	65,089	69,846
Purchase of services	7,635	9,513	10,506

3. Basis of Determination of the Proposed Annual Caps

The above proposed annual caps were determined based on:

- (i) the estimated sales volume of passenger vehicles by taking into account macroeconomic conditions as well as the development strategies and business expansion plan of the Group;

- (ii) the unit purchase cost for each vehicle model of the Group and the expected market condition and general cost inflation for the relevant period;
- (iii) the expected value of the connected transactions between Beijing Benz and BAIC Group and/or its subsidiaries;
- (iv) the expected increase in the total costs and expenses driven by the business expansion plan of the Group. The Group plans to launch and manufacture various new models in the next three years, which is expected to result in increases as appropriate in the total costs and expenses for such years. In addition, the expected sales volume of existing models will continue to rise driven by the continued demand growth in their respective segments, which will also result in the increase in the total costs and expenses (cost of sales, selling and distribution expenses, and general and administrative expenses); and
- (v) the expected demand for high-value new products will require the purchase of better and more sophisticated new raw materials, automotive parts and components from BAIC Group and/or its subsidiaries which will be comparatively more expensive than the costs of existing raw materials, automotive parts and components purchased from BAIC Group and/or its subsidiaries for existing products. Therefore, it is expected that the transaction amount of purchasing such raw materials, automotive parts and components from BAIC Group and/or its subsidiaries for the production of vehicles will increase.

4. *Opinion of the Directors*

The Directors (excluding the independent non-executive Directors, whose view on the renewed Products and Services Purchasing Framework Agreement and the proposed annual caps will be set out in the letter from the Independent Board Committee contained in the circular to be sent after considering the advice from the Independent Financial Adviser, and excluding those Directors who have abstained from voting as further detailed below) are of the view that transactions under the renewed Products and Services Purchasing Framework Agreement will be conducted on normal commercial terms, and the terms and conditions therein as well as the proposed annual caps aforementioned are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

C. Renewal of the Provision of Products and Services Framework Agreement

The principal terms of the renewed Provision of Products and Services Framework Agreement are as follows:

Parties: (1) BAIC Group

(2) the Company

Date: 26 August 2025

Term: The term of the renewed Provision of Products and Services Framework Agreement will commence on 1 January 2026 and end on 31 December 2028, subject to renewal through mutual consent by the parties.

Principal Terms: According to the renewed Provision of Products and Services Framework Agreement, BAIC Group and/or its subsidiaries will purchase products (including equipment, raw materials, parts and components and complete vehicles etc., relevant technologies, and derivatives derived from such products including but not limited to energy credits and carbon emissions policy trading) and services (including sales agency, processing agency, labour, logistics, transportation, technical services and consultancy) from the Group.

Members of the Group on the one hand and BAIC Group and/or its subsidiaries on the other hand will enter into specific agreements for each of the specific transactions contemplated under the renewed Provision of Products and Services Framework Agreement, provided that such specific agreements shall follow the principles as set out in the renewed Provision of Products and Services Framework Agreement.

The product prices and service fees shall be paid in accordance with the specific agreements to be signed by members of the Group and BAIC Group and/or its subsidiaries under the renewed Provision of Products and Services Framework Agreement.

Pricing Policy:

General policy

To ensure that the terms of the transactions contemplated under the renewed Provision of Products and Services Framework Agreement are on terms no less favourable than those entered into between the Group and independent third parties, the renewed Provision of Products and Services Framework Agreement specifically provides that terms of transactions contemplated thereunder are to be no less favourable than those entered into between the Company and independent third parties.

The service fees charged to BAIC Group and/or its subsidiaries by the Group are to be determined on the basis of arm's length negotiations between the relevant parties. The Company will make reference to the applicable historical prices of products and services and will base such on the principle of cost plus a fair and reasonable margin, to ensure that the terms of supplying products and services to BAIC Group and/or its subsidiaries are fair and reasonable.

Complete vehicles

The Group formulates various selling prices based on factors such as depreciation of raw materials and equipment for producing different vehicle models, technology amortisation, employee compensation as well as water and electricity costs, and also formulates various promotion levels based on the popularity of various vehicle models, and updates the promotion levels in accordance with the latest market situation in a timely manner. The complete vehicle price is determined by the selling price and promotion level together. For both connected person customers and independent third-party customers, the Group applies the above pricing policies when selling complete vehicles. In such case, both connected person customers and independent third-party customers enjoy the same price when purchasing complete vehicles. Connected person customers will not be offered any price that is more favourable than the price offered to other customers.

Automobile parts and components and raw materials

The Group formulates selling prices on a profit margin within the pre-agreed arm's length range over the unit cost of automobile parts and components and raw materials. The unit cost mainly refers to the factors including depreciation of consumed materials and equipment for production and staff wages. For both connected person customers and independent third-party customers, the same pricing rule shall apply. In such case, both connected person customers and independent third-party customers enjoy the same price when purchasing automobile parts and components and raw materials. Connected person customers will not be offered any price that is more favourable than the price offered to other customers.

Services

The services provided by the Group to BAIC Group and/or its subsidiaries are mainly customised services or personalised services which mainly include complete vehicles technology consulting service and research and development service. In determining the prices of these services, the Group adopts a cost-plus-profit method. Costs taken into account include depreciation, salary, costs of raw materials and management fees. To ensure that the prices charged by the Group are fair and reasonable, the Group will also make reference to the profit margin of transactions where the Group offers similar services to independent third parties.

Reasons and Benefits:

In the ordinary and usual course of business, the Group provides various products and comprehensive services to BAIC Group and/or its subsidiaries. The Company considers that the provision of products and services to BAIC Group would benefit the Group for the following reasons:

- (i) BAIC Group and/or its subsidiaries can benefit from the professional sales team of the Group which has a solid understanding of China's automobile market and diversified sales channels thereby reducing their sales cost;

- (ii) subsidiaries of BAIC Group operating dealership outlets purchase vehicles manufactured and assembled by Beijing Benz and vehicles under the proprietary brand of the Company for resale in its dealership outlets. The Company and those subsidiaries of BAIC Group have established a long-term relationship and understand the business plan, quality control and other special requirements of each other;
- (iii) BAIC Group and/or its subsidiaries purchase automobile components, such as automobile engines, from a subsidiary of the Company, BAIC Motor Powertrain Co., Ltd. (北京汽車動力總成有限公司), for their daily production; and
- (iv) prices and terms for the products and services provided by the Group to BAIC Group are not less favourable than those offered to independent third parties.

1. Historical Transaction Amounts

Historical transaction amounts in respect of the continuing connected transactions between the Group and BAIC Group and/or its subsidiaries under the Provision of Products and Services Framework Agreement for the preceding three years ended 31 December 2024 are as follows:

	For the year ended 31 December		
	2022	2023	2024
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Sale of products	18,166.3	23,895.2	20,876.0
Provision of services	30.5	29.6	59.1

As at the date of this announcement, the existing annual caps for the year ending 31 December 2025 have not been exceeded.

2. *Proposed Annual Caps for the Three Years Ending 31 December 2028*

On 26 August 2025, the Board resolved to set the annual caps for the continuing connected transactions between the Group and BAIC Group and/or its subsidiaries under the renewed Provision of Products and Services Framework Agreement for the next three years ending 31 December 2028 as follows:

	For the year ending 31 December		
	2026	2027	2028
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Sale of products	33,552	41,453	44,439
Provision of services	374	495	566

3. *Basis of Determination of the Proposed Annual Caps*

The above proposed annual caps were determined based on:

- (i) there will be a growth in sales of complete vehicles to be manufactured and assembled by Beijing Benz and Beijing Motor by taking into account macroeconomic conditions as well as the development strategies and business expansion plan of the Group;
- (ii) the percentage of the sales to the dealership outlets operated by the associates of BAIC Group in the future, which is determined with reference to the historical percentage of the sales of complete vehicles manufactured and assembled by Beijing Benz and the proprietary brand of the Company to the dealership outlets operated by the subsidiaries of BAIC Group;
- (iii) the expected annual value of the connected transactions between Beijing Benz and BAIC Group and/or its subsidiaries;
- (iv) the expected increase in the revenues driven by the business expansion plan; and
- (v) with the launch of high-value new products and the application of new technologies in the future, we will sell higher-priced complete vehicles and parts and components to BAIC Group and/or its subsidiaries, thereby generating higher sales revenue.

4. *Opinion of the Directors*

The Directors (excluding the independent non-executive Directors, whose view on the sale of products transactions under the renewed Provision of Products and Services Framework Agreement and the proposed annual caps will be set out in the letter from the Independent Board Committee contained in the circular to be sent after considering the advice from the Independent Financial Adviser, and excluding those Directors who have abstained from voting as further detailed below) are of the view that the sale of products transactions under the renewed Provision of Products and Services Framework Agreement will be conducted on normal commercial terms, and the terms and conditions therein as well as the proposed annual caps aforementioned are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

The Directors (including the independent non-executive Directors, but excluding those Directors who have abstained from voting as further detailed below) are of the view that the provision of services transactions under the renewed Provision of Products and Services Framework Agreement will be conducted on normal commercial terms, and the terms and conditions therein as well as the proposed annual caps are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

D. Renewal of the Trademark Licensing Framework Agreement

The principal terms of the renewed Trademark Licensing Framework Agreement are as follows:

Parties:	(1) BAIC Group (as the licensor) (2) the Company (as the licensee)
Date:	26 August 2025
Term:	The term of the renewed Trademark Licensing Framework Agreement will commence on 1 January 2026 and end on 31 December 2028, subject to renewal through mutual consent by the parties.
Principal Terms:	According to the renewed Trademark Licensing Framework Agreement, BAIC Group grants the Group a license for the use of certain trademarks on the products manufactured by and the services provided by, and in the documents of the Group. The actual trademark licensing fees and the method of payment shall be determined on the principles, conditions and terms of the renewed Trademark Licensing Framework Agreement and set out in the specific agreements to be entered into by the parties.

Pricing Policy:

The licensing fees will be paid to BAIC Group with reference to a pre-agreed rate of the net revenue generated by each product manufactured or service provided. Net revenue generated by each product manufactured or service provided will be calculated based on the suggested retail price of the complete vehicle manufacturer net of the value-added tax, gross margin of dealers, sales rebates to dealers, consumption tax, sales discounts and other deductions.

The relevant prices of licensing fees to be paid to BAIC Group will be determined after arm's length negotiation by both parties with reference to the historical prices of the relevant licensing fees to be paid to BAIC Group. The Group will ensure that the terms and conditions of the licensing fees to be paid to BAIC Group are fair and reasonable based on the principle of cost plus a fair reasonable profit rate.

Reasons and Benefits:

A significant portion of the trademarks used for passenger cars produced and sold by the Group are licensed by BAIC Group. Such trademark licenses are critical to the operation and production of the Group and in the best interests of the Group and the Shareholders.

1. Historical Transaction Amounts

Historical transaction amounts in respect of the trademark licensing fees paid by the Group to BAIC Group for the preceding three years ended 31 December 2024 are as follows:

	For the year ended 31 December		
	2022	2023	2024
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Trademark licensing fees	753.5	746.6	660.7

As at the date of this announcement, the existing annual caps for the year ending 31 December 2025 has not been exceeded.

2. *Proposed Annual Caps for the Three Years Ending 31 December 2028*

On 26 August 2025, the Board resolved to set the annual caps for the trademark licensing fees to be paid by the Group to BAIC Group under the renewed Trademark Licensing Framework Agreement for the next three years ending 31 December 2028 as follows:

	For the year ending 31 December		
	2026	2027	2028
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Trademark licensing fees	788	915	915

3. *Basis of Determination of the Proposed Annual Caps*

In determining the renewed annual caps for the trademark licensing fees paid by the Group to BAIC Group under the renewed Trademark Licensing Framework Agreement, the Company mainly considered the following factors:

- (i) the trademark licensing fees previously paid by the Group to BAIC Group; and
- (ii) based on the Group's development strategy and business expansion plan from 2026 to 2028, it is expected that the sales volume of vehicles of the Group will continue to increase.

4. *Opinion of the Directors*

The Directors (excluding the independent non-executive Directors, whose view on the proposed annual caps for the trademark licensing fees to be paid by the Group to BAIC Group under the renewed Trademark Licensing Framework Agreement will be set out in the letter from the Independent Board Committee contained in the circular to be sent to the Shareholders after considering the advice from the Independent Financial Adviser, and excluding those Directors who have abstained from voting as further detailed below) are of the view that transactions under the renewed Trademark Licensing Framework Agreement will be conducted on normal commercial terms, and the terms and conditions therein as well as the proposed annual caps aforementioned are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

Given that Mr. Hu Hanjun, Mr. Chen Hongliang and Mr. Peng Jin, all being the Directors, also hold positions at BAIC Group and/or its subsidiaries, they are deemed to have material interests in the transactions contemplated under each of the aforementioned agreements. Therefore, each of Mr. Hu Hanjun, Mr. Chen Hongliang and Mr. Peng Jin have abstained from voting on the Board resolutions approving each of the aforementioned agreements and the transactions contemplated thereunder. Except for the aforementioned Directors, other Directors have no interest in the transactions contemplated under each of the aforementioned agreements.

E. Annual Caps for Continuing Connected Transactions with Mercedes-Benz AG

Mercedes-Benz AG and its associates have in the past purchased vehicles from Beijing Benz for research and development, testing, marketing, promotion and their own use. At the time of the listing of the H Shares on the Main Board of the Hong Kong Stock Exchange, the Company had applied for, and the Hong Kong Stock Exchange has granted a waiver from strict compliance with the written agreement and the disclosure of terms of the agreement requirements in respect of such transactions.

As the annual caps for the continuing connected transactions for the sales of vehicles by Beijing Benz to Mercedes-Benz AG and its associates will expire on 31 December 2025, accordingly, the Board has resolved to propose new annual caps for the transactions for each of the three years ending 31 December 2028.

Details of the sales of vehicles by Beijing Benz to Mercedes-Benz AG and its associates are as follows:

Parties:

- (1) Beijing Benz (as the provider)
- (2) Mercedes-Benz AG and its associates (as the purchaser)

Pricing Policy:

The Group will take into account the market prices of the vehicles to make sure that the purchase prices offered to Mercedes-Benz AG and its associates are fair and reasonable and on normal commercial terms. As Beijing Benz has been selling vehicles to various 4S dealers (both connected with and independent from with the Company) in the market, the market prices of the vehicles are readily available.

Reasons and Benefits:

To maintain the high quality of Mercedes-Benz branded passenger vehicle, Mercedes-Benz AG closely monitors the quality of vehicles manufactured its joint ventures (including Beijing Benz), and therefore it purchases Mercedes-Benz branded passenger vehicles manufactured by Beijing Benz for research, development and testing purposes. Mercedes-Benz AG monitoring benefits Beijing Benz by serving as an additional level of quality control to ensure that the production of Beijing Benz meets the benchmark standard and qualification of Mercedes-Benz branded vehicles. Such arrangement has facilitated and will continue to facilitate the business operations and growth of Beijing Benz and the Company. The continuation of the transactions will be beneficial to the Company and Shareholders as a whole.

1. Historical Transaction Amounts

Historical transaction amounts in respect of the sales of vehicles by Beijing Benz to Mercedes-Benz AG and its associates for the preceding three years ended 31 December 2024 are as follows:

	For the year ended 31 December		
	2022	2023	2024
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Sales of vehicles	168.4	187.6	67.5

As at the date of this announcement, the existing annual caps for the year ending 31 December 2025 has not been exceeded.

2. Proposed Annual Caps for the Three Years Ending 31 December 2028

On 26 August 2025, the Board resolved to set the annual caps for sales of vehicles by Beijing Benz to Mercedes-Benz AG and its associates for the next three years ending 31 December 2028 as follows:

	For the year ending 31 December		
	2026	2027	2028
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Sales of vehicles	500	500	500

3. Basis of Determination of the Proposed Annual Caps

The above proposed annual caps were determined based on:

- (i) the anticipated demand and consumption of vehicles by Mercedes-Benz AG and/or its associates; and
- (ii) the historical purchase volume by Mercedes-Benz AG from Beijing Benz.

The number of sales of vehicles by Beijing Benz to Mercedes-Benz AG and its associates is based on the actual demand of vehicles on a case-by-case basis, which is driven by various factors, such as (i) new vehicle models' testing and marketing activities; (ii) vehicle models' research, development and upgrade; and (iii) other internal usages for daily operation.

4. *Opinion of the Directors*

The Directors (including the independent non-executive Directors, but excluding those Directors who have abstained from voting as further detailed below) are of the view that the sales of vehicles by Beijing Benz to Mercedes-Benz AG and its associates will be conducted on normal commercial terms, and the terms and conditions therein as well as the proposed annual caps aforementioned are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

Given that Mr. Paul Gao and Mr. Kevin Walter Binder, all being the Directors, also hold positions at Mercedes-Benz AG and/or its subsidiaries, they are deemed to have material interests in the transactions of the sales of vehicles by Beijing Benz to Mercedes-Benz AG and its associates. Therefore, each of Mr. Paul Gao and Mr. Kevin Walter Binder have abstained from voting on the Board resolution approving the transactions of the sales of vehicles by Beijing Benz to Mercedes-Benz AG and its associates. Except for the aforementioned Directors, other Directors have no interest in the aforementioned transactions contemplated.

F. Internal Control and Corporate Governance Measures

The Company has adopted the following internal control and corporate governance measures to ensure that the above- mentioned continuing connected transactions of the Company are fair and reasonable and on normal commercial terms:

- A. the Company has adopted and implemented a management system for connected transactions. Under this system, the Company's finance department is responsible for conducting reviews on compliance with relevant laws, regulations, company policies and Listing Rules in respect of the continuing connected transactions of the Company. In addition, the finance department, procurement department, legal affairs department and other relevant operation departments of the Company are jointly responsible for evaluating the transaction terms under the agreements for continuing connected transactions of the Company, in particular, the fairness of the pricing terms under each agreement; and
- B. the independent non-executive Directors will review the agreements for the continuing connected transactions of the Company to ensure such agreements, where available, are entered into on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of such agreements. The auditor of the Company will also conduct an annual review on the pricing and annual caps of such agreements.

In order to ensure that the pricing terms under the agreements for the continuing connected transactions of the Company are fair and reasonable, the Company's finance department and other relevant operation departments will review the proposed price provided by the vendor in the following manner:

- A. if a comparable market price is available, the proposed price will be compared with the market price to ensure that such proposed price is not higher than the selling price of the parts and components or product with similar specifications, technology and quality requirements provided by any other manufacturers in the market;
- B. the Company has established a stringent market price inquiry system:
 - (i) for the selection of potential suppliers, the Group has developed standards for selection of suppliers based on different purchase needs. Such standards include, but are not limited to, the scale of business, industry recognition, experience of supplying the same types of products and services, technological level, financial conditions etc. The same standards are applicable to both connected persons and independent third-party suppliers. The Group does not give preferential treatment to connected persons for the selection of potential suppliers. The selection of suppliers shall be determined by the collective decision of a tender assessment board with members from the procurement department, research and development department, discipline inspection department, finance department and audit department as well as procurement engineers, product engineers and suppliers' quality management engineers. Tenders will be sought from various suppliers and assessed internally over several rounds before a decision is made on the basis of pricing, quality, technology, product risks and after-sales services;
 - (ii) for price inquiry procedures, the Company generally requires at least three potential suppliers participating in the same purchase. Price inquiry procedures that fail to meet the above requirements will be void. Price inquiry procedures are conducted in strict accordance with the above model and the entire process is under the supervision of the financial department, audit department and discipline inspection department. Any violations of those measures will be recorded. The result of price inquiry will undergo a final review by the Company's management. The successful bidder of the price inquiry procedure will enter into a written agreement with the Company. If there is any evidence of fraud or irregularities of the supplier during the procedure, the Company will terminate cooperation and pursue legal responsibility, regardless of whether such supplier is a connected person of the Company. All of the written documents involved in the price inquiry procedure shall be kept for at least ten years. In case the parties involving in the price inquiry procedure have any reasonable doubt about the result of price inquiry, they may check relevant documents upon the Company's approval;

- C. if no comparable market price is available, the fairness and reasonableness of the proposed price will be determined with reference to the total cost of parts and components or product, which is estimated with reference to (i) the market price of the raw materials or semi-finished products forming the parts and components or product; and (ii) the total cost estimated to be required for manufacturing such parts and components or product with reference to requirements in relation to its nature, functionality, technology and quality standards etc., plus a profit margin of not more than the maximum profit margin level as stipulated under the relevant agreement, depending on the complexity of technologies and quality control procedures involved; and
- D. the proposed price will be reviewed to ensure that it is in line with the pricing terms of the relevant agreement and that the terms provided to the Company are no less favourable than those offered by the supplier to independent third parties.

II. ENTRY OF FINANCIAL SERVICES FRAMEWORK AGREEMENT WITH BAIC GROUP

On 26 August 2025, the Company and BAIC Group entered into the Financial Services Framework Agreement, pursuant to which BAIC Group has agreed to provide financial services to the Group through the relevant subsidiaries of BAIC Group with the corresponding financial business qualifications. The Financial Services Framework Agreement will take effect from 1 January 2026 to 31 December 2028.

The principal terms of the Financial Services Framework Agreement are as follows:

Parties:	(1) the Company (2) BAIC Group
Date:	26 August 2025
Term:	The term of the Financial Services Framework Agreement will commence on 1 January 2026 and end on 31 December 2028, subject to renewal through mutual consent by the parties.
Principal Terms:	According to the Financial Services Framework Agreement, the BAIC Group will provide financial services to the Company through the relevant subsidiaries of BAIC Group with the corresponding financial business qualifications, 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 as approved by relevant financial regulatory authorities.

Members of the Group on the one hand and the relevant subsidiaries of BAIC Group that have the corresponding financial business qualifications on the other hand will enter into specific agreements for each of the specific transactions contemplated under the Financial Services Framework Agreement, provided that such specific agreements shall follow the principles as set out in the Financial Services Framework Agreement.

Pricing Policy:

The Financial Services Framework Agreement provides for the following pricing principles:

(i) *Deposit services*

Interest rates for the deposits placed by the Group with the relevant subsidiaries of BAIC Group that have the corresponding financial business qualifications will not be lower than: (a) the minimum interest rate published by the PBOC for deposits of a similar type for the same period; (b) the interest rate for comparable deposits of a similar type offered by BAIC Group to the subsidiaries of BAIC Group, other than the Group, through the relevant subsidiaries of BAIC Group with the corresponding financial business qualifications; or (c) the interest rate for deposits of a similar type for the same period offered by independent commercial banks to the Company and its subsidiaries.

(ii) *Loan services*

Interest rates on the loans to be advanced by BAIC Group through its relevant subsidiaries with the corresponding financial business qualifications to the Group will not be higher than: (a) the maximum loan interest rate, if any, published by the PBOC for loans of a similar type for the same period; (b) the interest rate for comparable loans offered by BAIC Group to the subsidiaries of BAIC Group, other than the Group, through the relevant subsidiaries of BAIC Group with the corresponding financial business qualifications; or (c) the interest rate for loans of a similar type for the same period offered by independent commercial banks to the Company and its subsidiaries.

(iii) *Other financial services*

Interest rates or services fees will be: (a) subject to the benchmark fee (if applicable) for similar types of financial services published by the PBOC or the NFRA from time to time; (b) not higher than the interest rates or fees charged to the Group by independent commercial banks or financial institutions for similar types of financial services; and (c) as far as the Group is concerned, not higher than the fees charged by BAIC Group to the subsidiaries of BAIC Group, other than the Group, through the relevant subsidiaries of BAIC Group with the corresponding financial business qualifications for similar financial services.

Reasons and Benefits: The main reasons for and benefits of the Company entering into the Financial Services Framework Agreement with BAIC Group are as follows:

- (i) as all members of the BAIC Group and the Group are entitled to utilise deposit services, loan services and other financial services, the Financial Services Framework Agreement would allow the provision of intra-group loans among members of the Group, thus opening another channel for the Group to raise loans and providing the Group with an alternative to raising loans from other financial institutions, which would in turn promote funding liquidity within the Group, enhance the overall ability of the Group to repay debts, and assist in monitoring and controlling financial risks;
- (ii) the interest rates on the deposit services and loan services offered, and the service fees in connection with the other financial services charged by BAIC Group to the Group through the relevant subsidiaries of BAIC Group with the corresponding financial business qualifications will be no less favourable than, on a case-by-case basis, those offered to the Group by any independent third party;
- (iii) the arrangements under the Financial Services Framework Agreement would save financial costs, and increase the profitability of the Group accordingly; and
- (iv) the arrangements under the Financial Services Framework Agreement would allow the Group to centralise its deposited funds to a certain degree (as limited by the proposed deposit annual caps), which would expedite the monitoring of the use and application of funds within the Group, and would enhance the Group's bargaining power in terms of deposit services terms and interest rates, compared with depositing its funds separately with other financial institutions.

1. *Historical Transaction Amounts*

For the three years ended 31 December 2024, the historical transaction amounts in respect of the maximum daily balance of deposits placed by the Group with the relevant subsidiaries of BAIC Group that have the corresponding financial business qualifications, the interest income from deposits placed by the Group with the relevant subsidiaries of BAIC Group that have the corresponding financial business qualifications and the charges for other financial services of the Group with the relevant subsidiaries of BAIC Group that have the corresponding financial business qualifications are as follows:

	For the year ended 31 December		
	2022	2023	2024
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Maximum daily balance of deposits	15,994.0	15,969.2	19,560.0
Interest income from deposits	196.6	85.5	106.0
Charges for other financial services	22.1	177.5	246.0

As at the date of this announcement, the existing annual caps for the year ending 31 December 2025 have not been exceeded.

2. *Proposed Annual Caps for the Three Years Ending 31 December 2028*

On 26 August 2025, the Board resolved to set the annual caps for the maximum daily balance of deposits placed by the Group with the relevant subsidiaries of BAIC Group that have the corresponding financial business qualifications, the interest income from deposits placed by the Group with the relevant subsidiaries of BAIC Group that have the corresponding financial business qualifications, and the charges for other financial services of the Group with the relevant subsidiaries of BAIC Group that have the corresponding financial business qualifications for the next three years ending 31 December 2028 as follows:

	For the year ending 31 December		
	2026	2027	2028
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Maximum daily balance of deposits	22,000	22,000	22,000
Interest income from deposits	490	490	490
Charges for other financial services	870	1,262	1,523

3. *Basis of Determination of the Proposed Annual Caps*

In determining the annual caps, the Company comprehensively considered the expected future sales revenue of the Group and will also pay attention to controlling the scale of deposits placed with the relevant subsidiaries of BAIC Group that have the corresponding financial business qualifications, in order to avoid potential risks in connection with over-concentration of capital.

In determining the annual caps for interest income from deposits placed by the Group with the relevant subsidiaries of BAIC Group that have the corresponding financial business qualifications under the Financial Services Framework Agreement, the Company mainly considered the following factors:

- (i) the maximum daily balance of deposits placed by the Group with the relevant subsidiaries of BAIC Group that have the corresponding financial business qualifications under the Financial Services Framework Agreement from 2026 to 2028; and
- (ii) the main type of deposits placed by the Group with the relevant subsidiaries of BAIC Group that have the corresponding financial business qualifications and corresponding interest rates. The interest rates on deposits placed by the Group with the relevant subsidiaries of BAIC Group that have the corresponding financial business qualifications shall not be lower than: (a) the minimum deposit interest rate on deposits of similar types and maturities announced by the People's Bank of China; (b) the deposit interest rate on deposits of similar types and maturities placed by the subsidiaries of BAIC Group other than the Group; or (c) the deposit interest rate on deposits of similar types and maturities offered by an independent commercial bank to the Company and its subsidiaries.

In determining the annual caps for other financial services under the Financial Services Framework Agreement, the Company mainly considered the following factors:

- (i) the Group's planned production and sales volume for the three years ending 31 December 2028;
- (ii) the types and associated fees of other financial services required by the Group; and
- (iii) the expected proportion of other financial services to be provided by the relevant subsidiaries of BAIC Group with the corresponding financial business qualifications compared to other service provider(s) rendering similar financial services to the Group.

4. Exempted Transactions under the Financial Services Framework Agreement

Since the loan services to be provided by BAIC Group to the Group through the relevant subsidiaries of BAIC Group with the corresponding financial business qualifications under the Financial Services Framework Agreement are on normal commercial terms and on terms that are no less favourable to the Group than those offered by independent third parties for comparable services in the PRC, and that no security over the assets of the Group would be granted in respect of the loan services, the loan services transactions under the Financial Services Framework Agreement are exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

5. Internal Control and Corporate Governance Measures

The Company has put in place targeted internal control and corporate governance measures for transactions under the Financial Services Framework Agreement in order to safeguard the interests of the Independent Shareholders:

(i) Independent financial system

The Group has established a comprehensive financial management system for the management of financial services which targets (a) capital financing management; (b) specialised budget management; (c) specialised capital management; and (d) specialised business management:

- (a) *capital financing management*: the Group maintains a system for capital financing management, including the management of bank accounts, cash and bank deposits and debt financing, to ensure independent capital operation and maximise capital efficiency, and is in the interests of the Shareholders as a whole;
- (b) *specialised budget management*: the Group has a specialised budget management department, with enterprise development strategies as the start, reaching target profit as the aim, and future sales as the basis for preparation, to prepare annual budgets for operation and investment, determine annual financing plan and formulate financing proposals based on such annual budgets;
- (c) *specialised capital management*: the Group has a specialised capital management team for exercising daily capital and loan management, setting up specialised positions for daily deposit supervision and conducting comparison of the deposit rates among various financial institutions, to ensure that the total deposits of the Group would not exceed the annual caps and the deposit rates are in line with the requirement under the Financial Services Framework Agreement;
- (d) *specialised business management*: the Group has a specialised business management team for exercising daily management for other financing business, setting up specialised positions for supervising the total expenses incurred and conducting comparison of the relevant interests and fees with those charged by other financial institutions, to ensure that the total charges payable by the Group to the relevant subsidiaries of BAIC Group with the corresponding financial business qualifications would not exceed the proposed annual caps and the interests and fees are in line with the requirements under the Financial Services Framework Agreement.

The Group also maintains a stringent and efficient audit system. The independent internal audit team established by the Company is composed of members with years of experience in auditing and finance, most of whom are certified internal auditors. The internal audit team conducts internal audit work on the Company's capital position on a regular basis every year as well as independent and objective supervision and evaluation on the Company's capital management.

In the meantime, the audit committee of the Board is mainly responsible for handling external auditing matters, supervising the Company's internal audit system and implementation, conducting audit on the Company's financial information, reviewing and supervising the Company's financial reports, risk management and effectiveness of the internal control system. It is also responsible for evaluating the effectiveness of the Company's internal control and the reliability of financial reports in an independent, fair and effective way and report to the Board and Shareholders' general meeting.

The Company also maintains accounts with independent banks. BAIC Group does not share any bank account with the Company nor does it control the use of any of bank accounts of the Company. The Company has independent tax registrations and has paid tax independently pursuant to applicable PRC laws and regulations.

(ii) Risk management measures

The relevant subsidiaries of BAIC Group with the corresponding financial business qualifications will provide sufficient information including various financial indicators (as well as annual and interim financial statements) at the end of every quarter to enable the Company to monitor and review the financial condition of the relevant subsidiaries of BAIC Group with the corresponding financial business qualifications. BAIC Group and its relevant subsidiaries with the corresponding financial business qualifications shall notify the Company, in compliance with applicable laws and regulations, should any of them be subject to any judicial, legal or regulatory proceedings or investigations which are reasonably likely to have a material impact on the financial condition of any of them. If the Company considers that there is any material adverse change in the financial condition of any of BAIC Group and its relevant subsidiaries with the corresponding financial business qualifications, the Company will take appropriate measures (including early withdrawal of deposits and a moratorium on further deposits) to protect the financial position of the Company.

In addition to internal monitoring, the relevant subsidiaries of BAIC Group with the corresponding financial business qualifications are also required to monitor the maximum daily balance of the deposits and loans on a daily basis to ensure that the aggregate outstanding amounts do not exceed the applicable annual caps. The relevant subsidiaries of BAIC Group with the corresponding financial business qualifications will provide the Company with a periodic report on the status of deposits and loans so as to enable the Group to monitor and ensure the relevant annual caps under the Financial Services Framework Agreement have not been exceeded. Should the balance at the end of any day exceed the proposed annual caps for the maximum daily balance of deposits and interest income prevailing at that time, the excess funds will be transferred to the Company's designated bank accounts with an independent commercial bank. The Company shall also be notified immediately once the daily balance exceeds the maximum daily balance limit.

The Company will, from time to time, at its sole discretion, request that the deposits with the relevant subsidiaries of BAIC Group with the corresponding financial business qualifications be withdrawn or terminated early (either in full or in part) to assess and ensure the liquidity and safety of deposits of the Group.

(iii) Internal control measures

The Company has formulated internal control policies and the finance department 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 the Financial Services Framework Agreement are on normal commercial terms, the Company has applied and fully implemented the internal control policies for each transaction. In accordance with the policies of the PBOC, various banks and the relevant subsidiaries of BAIC Group with the corresponding financial business qualifications, the Group's capital management team will update the statement of deposit rates of various financial institutions on a monthly basis and prioritise the institutions with the most favourable rate for deposits. In addition, according to relevant internal control requirements, 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 made by the capital management team to ensure that the pricing terms of transactions under the Financial Services Framework Agreement are on normal commercial terms.

The Group's capital management team compiles statistics of the daily balance deposited with the relevant subsidiaries of BAIC Group with the corresponding financial business qualifications 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 the relevant subsidiaries of BAIC Group with the corresponding financial business qualifications. The contents of such risk assessment reports will include the maximum daily balance of the deposits during the reporting period and the deposits with the relevant subsidiaries of BAIC Group with the corresponding financial business qualifications during the reporting period.

The independent non-executive Directors will, on an annual basis, review the 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 the relevant subsidiaries of BAIC Group with the corresponding financial business qualifications 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 report on the Group's continuing connected transactions under the Financial Services Framework Agreement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to 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 Accountants.

6. *Opinion of the Directors*

The Directors (excluding the independent non-executive Directors, whose views on the Financial Services Framework Agreement and the proposed annual caps will be set out in the letter from the Independent Board Committee contained in the circular to be sent to the Shareholders after considering the advice from the Independent Financial Adviser, and excluding those Directors who have abstained from voting as further detailed below) are of the view that the transactions under the Financial Services Framework Agreement will be conducted on normal commercial terms, and the terms and conditions therein as well as the proposed annual caps aforementioned are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

Given that Mr. Hu Hanjun, Mr. Chen Hongliang and Mr. Peng Jin, all being the Directors, also hold positions at BAIC Group and/or its subsidiaries, they are deemed to have material interests in the transactions contemplated under the Financial Services Framework Agreement. Therefore, each of Mr. Hu Hanjun, Mr. Chen Hongliang and Mr. Peng Jin have abstained from voting on the Board resolution approving the Financial Services Framework Agreement and the transactions contemplated thereunder. Except for the aforementioned Directors, other Directors have no interest in the transactions contemplated under the Financial Services Framework Agreement.

III. LISTING RULES IMPLICATIONS

As at the date of this announcement, BAIC Group is the sole controlling shareholder of the Company and holds approximately 46.90% of the total issued share capital of the Company, thus it is a connected person of the Company. The transactions contemplated between the Company and BAIC Group under the renewed Property and Facility Leasing Framework Agreement, the renewed Products and Services Purchasing Framework Agreement, the renewed Provision of Products and Services Framework Agreement, the renewed Trademark Licensing Framework Agreement and the Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, Mercedes-Benz AG directly and indirectly holds a 49.0% equity interest in Beijing Benz, a non-wholly owned subsidiary of the Company, thus Mercedes-Benz AG and its associates are connected persons of the Company at the subsidiary level. Accordingly, the sales of vehicles by Beijing Benz to Mercedes-Benz AG and its associates constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the proposed annual caps for (i) the maximum daily balance of deposits placed by the Group with the relevant subsidiaries of BAIC Group with the corresponding financial business qualifications and (ii) the interest income from deposits placed by the Group with the relevant subsidiaries of BAIC Group with the corresponding financial business qualifications under the Financial Services Framework Agreement, is on an aggregate basis, more than 25%, such transaction constitutes a major transaction and continuing connected transaction of the Company and is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the proposed annual caps for each of the Partially Exempt Continuing Connected Transactions is more than 0.1% but less than 5%, such continuing connected transactions are only subject to the reporting, announcement and annual review requirements, but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the proposed annual caps for each of (i) the charges for other financial services contemplated under the Financial Services Framework Agreement; and (ii) the Non-Exempt Continuing Connected Transactions is more than 5%, such continuing connected transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

IV. 2025 SECOND EGM

The Company will convene the 2025 Second EGM for the purpose of, among other things, obtaining the Independent Shareholders' approval for (i) the Non-Exempt Continuing Connected Transactions; and (ii) the Financial Services Framework Agreement.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders on each of (i) the Non-Exempt Continuing Connected Transactions; and (ii) the Financial Services Framework Agreement. Everbright Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same matter.

A circular containing, among other things, (a) further details of (i) the Non-Exempt Continuing Connected Transactions; and (ii) the Financial Services Framework Agreement; (b) a letter of advice from Everbright Capital to the Independent Board Committee and the Independent Shareholders; (c) a letter from the Independent Board Committee to the Independent Shareholders on the same and its recommendation on voting; and (d) the notice of the 2025 Second EGM, will be sent to the Shareholders on or before 30 September 2025 as more time is needed to prepare and finalise the information that is required to be disclosed in the circular under the Listing Rules.

V. GENERAL INFORMATION

Information on the Company

The Company was established in September 2010, and its H shares were listed on the Main Board of the Hong Kong Stock Exchange in December 2014. As at the date of this announcement, approximately 46.90% of the equity interest in the Company is directly owned by BAIC Group, which is the controlling shareholder of the Company and ultimately owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. The Company's brands cover joint venture premium passenger vehicles, joint venture premium multi-purpose passenger vehicles, joint venture mid- to high-end passenger vehicles, proprietary brand passenger vehicles and other vehicles, which can maximally satisfy various customers' demands.

Information on Beijing Benz

Beijing Benz is a subsidiary of the Company. The Company holds a 51.0% equity interest of Beijing Benz, while Mercedes-Benz AG and its wholly-owned subsidiary, Mercedes-Benz (China) Investment Co., Ltd., together hold a 49.0% equity interest in Beijing Benz. Beijing Benz commenced the manufacturing and sales of passenger vehicles of Mercedes-Benz brand in 2006.

Information on BAIC Group

BAIC Group is the sole controlling shareholder of the Company, being a state-owned enterprise wholly owned by Beijing State-owned Capital Operation and Management Company Limited* (北京國有資本運營管理有限公司), and holds approximately 46.90% of equity interest in the Company as at the date of this announcement. BAIC Group is one of the main automobile manufacturing groups in China. It has now developed into a comprehensive and modern automobile conglomerate with a diversified business portfolio and integrating vehicle research and development and manufacturing, parts and components manufacturing, automobile service trade, education and investment and financing business, as well as incubation of new industries.

Mercedes-Benz AG

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

VI. DEFINITIONS

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

“2025 Second EGM”	the 2025 second extraordinary general meeting of the Company to be convened and held to consider, and if thought fit, approve matters including entering into the Non-Exempt Continuing Connected Transactions and the Financial Services Framework Agreement with BAIC Group
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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, the sole controlling shareholder of the Company
“Beijing Benz”	Beijing Benz Automotive Co., Ltd.* (北京奔馳汽車有限公司), 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, and the remaining 49.0% directly and indirectly owned by Mercedes-Benz AG
“Board”	the board of Directors
“Company”	BAIC Motor Corporation Ltd.* (北京汽車股份有限公司), a company limited by shares duly incorporated 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
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“Everbright Capital” or “Independent Financial Adviser”	China Everbright Capital Limited, a corporation permitted to carry out Type 1 (Dealing in securities), Type 4 (Advising on securities) and Type 6 (Advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the (i) Non-Exempt Continuing Connected Transactions; and (ii) Financial Services Framework Agreement
“Financial Services Framework Agreement”	the financial services framework agreement entered into between the Company and BAIC Group on 26 August 2025
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 Hong Kong Dollars and listed and traded on the Hong Kong Stock Exchange
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely, Ms. Yin Yuanping, Mr. Xu Xiangyang, Mr. Tang Jun, Mr. Edmund Sit and Mr. Ji Xuehong, which was established to advise the Independent Shareholders in relation to the (i) Non-Exempt Continuing Connected Transactions; and (ii) Financial Services Framework Agreement
“Independent Shareholders”	Shareholders (other than BAIC Group and its associates) who are not required to abstain from voting on the resolutions to be proposed at the 2025 Second EGM in relation to the (i) Non-Exempt Continuing Connected Transactions; and (ii) Financial Services Framework Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended from time to time
“Mercedes-Benz AG”	Mercedes-Benz AG, a company established in Germany in 1886, which is a connected person of the Company
“NFRA”	National Financial Regulatory Administration in the PRC

“Non-Exempt Continuing Connected Transactions”	(i) the purchase of products and purchase of services contemplated under the renewed Products and Services Purchasing Framework Agreement; (ii) the sale of products contemplated under the renewed Provision of Products and Services Framework Agreement; and (iii) the continuing connected transactions contemplated under the renewed Trademark Licensing Framework Agreement
“Partially Exempt Continuing Connected Transactions”	(i) the continuing connected transactions contemplated under the renewed Property and Facility Leasing Framework Agreement; (ii) the provision of services contemplated under the renewed Provision of Products and Services Framework Agreement; and (iii) the sales of vehicles by Beijing Benz to Mercedes-Benz AG and its associates
“PBOC”	The People’s Bank of China, the central bank in the PRC
“PRC” or “China”	the People’s Republic of China
“Products and Services Purchasing Framework Agreement”	the products and services purchasing framework agreement entered into between the Company and BAIC Group on 2 December 2014 and last renewed by the parties on 26 August 2025 for another term of three years expiring on 31 December 2028
“Property and Facility Leasing Framework Agreement”	the property and facility leasing framework agreement entered into between the Company and BAIC Group on 2 December 2014 and last renewed by the parties on 26 August 2025 for another term of three years expiring on 31 December 2028
“Provision of Products and Services Framework Agreement”	the provision of products and services framework agreement entered into between the Company and BAIC Group on 2 December 2014 and last renewed by the parties on 26 August 2025 for another term of three years expiring on 31 December 2028
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

“Trademark Licensing Framework Agreement” the trademark licensing framework agreement entered into between the Company and BAIC Group on 24 March 2023, which was renewed on 26 August 2025 for another term of three years expiring on 31 December 2028

“%” percent

By Order of the Board
BAIC Motor Corporation Limited
Yu Dan
Secretary to the Board and Company Secretary

Beijing, the PRC, 26 August 2025

As at the date of this announcement, the Board comprises Mr. Wang Hao, as Chairman of the Board and executive Director; Mr. Hu Hanjun and Mr. Chen Hongliang, as non-executive Directors; Mr. Song Wei, as executive Director; Mr. Peng Jin, Mr. Ye Qian, Mr. Paul Gao, Mr. Kevin Walter Binder, Mr. Gu Tiemin and Mr. Sun Li, as non-executive Directors; and Ms. Yin Yuanping, Mr. Xu Xiangyang, Mr. Tang Jun, Mr. Edmund Sit and Mr. Ji Xuehong, as independent non-executive Directors.

* For identification purpose only