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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)

DISCLOSEABLE AND CONNECTED TRANSACTION
CAPITAL REDUCTION OF MBLC

THE CAPITAL REDUCTION AGREEMENT

On 7 August 2026 (after trading hours), the Company, MBGC and MBLC entered into the Capital Reduction Agreement, pursuant to which the Company and MBGC agreed to reduce the capital contribution to MBLC in proportion to their respective equity interests, with the registered capital of MBLC reduced by a total of RMB4,000,000,000.00, of which MBLC shall refund RMB2,600,000,000.00 in cash to MBGC, representing 65% of the Capital Reduction, and RMB1,400,000,000.00 in cash to the Company, representing 35% of the Capital Reduction, thereby reducing the registered capital of MBLC from RMB5,097,538,461.54 to RMB1,097,538,461.54.

Upon completion of the Capital Reduction, the Company's capital contribution to MBLC will be reduced from RMB1,784,138,461.54 to RMB384,138,461.54, while the proportion of the Company's equity interest in MBLC will remain unchanged at 35% of the total registered capital of MBLC.

LISTING RULES IMPLICATIONS

As at the date of this announcement, MBGC holds 10.335% of the equity interest in Beijing Benz, a non-wholly owned subsidiary of the Company, and hence is a connected person of the Company at the subsidiary level as defined in the Listing Rules. As MBGC holds 65% of the equity interest in MBLC, MBLC is an associate of MBGC and is therefore also a connected person of the Company. Accordingly, the Capital Reduction contemplated under the Capital Reduction Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Capital Reduction is more than 5% but less than 25%, the Capital Reduction also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As the Capital Reduction Agreement is (i) entered into on normal commercial terms; (ii) approved by the Board; and (iii) confirmed by the independent non-executive Directors that its terms are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole, the transaction contemplated thereunder is exempt from the circular, independent financial advice and independent Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules, but is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 7 August 2026 (after trading hours), the Company, MBGC and MBLC entered into the Capital Reduction Agreement, pursuant to which the Company and MBGC agreed to reduce the capital contribution to MBLC in proportion to their respective equity interests, with the registered capital of MBLC reduced by a total of RMB4,000,000,000.00, of which MBLC shall refund RMB2,600,000,000.00 in cash to MBGC, representing 65% of the Capital Reduction, and RMB1,400,000,000.00 in cash to the Company, representing 35% of the Capital Reduction, thereby reducing the registered capital of MBLC from RMB5,097,538,461.54 to RMB1,097,538,461.54.

THE CAPITAL REDUCTION AGREEMENT

The principal terms of the Capital Reduction Agreement are as follows:

Date: 7 August 2026

Parties:

(1) the Company;

(2) MBGC; and

(3) MBLC.

Capital Reduction: As of the date of the Capital Reduction Agreement, the registered capital of MBLC is RMB5,097,538,461.54 and has been fully paid. MBGC and the Company holds 65% and 35% of equity interests in MBLC, respectively.

The Company and MBGC agreed to reduce the capital contribution to MBLC in proportion to their respective equity interests, with the registered capital of MBLC reduced by a total of RMB4,000,000,000.00, of which MBGC shall reduce its registered capital contribution to MBLC by RMB2,600,000,000.00, and the Company shall reduce its registered capital contribution to MBLC by RMB1,400,000,000.00, thereby reducing the registered capital of MBLC from RMB5,097,538,461.54 to RMB1,097,538,461.54.

Upon completion of the Capital Reduction, the Company's capital contribution to MBLC will be reduced from RMB1,784,138,461.54 to RMB384,138,461.54, while the proportion of the Company's equity interest in MBLC will remain unchanged at 35% of the total registered capital of MBLC.

Basis of determination of the consideration

The consideration payable by MBLC, respectively, to the Company and MBGC was determined at arm's length negotiation among the Company, MBGC and MBLC, and was set at RMB1 for every RMB1 of the registered capital of MBLC, in proportion to the respective equity interest of the Company and MBGC in MBLC.

Payment arrangement

Within ten business days following the approval of the Capital Reduction by the Beijing Municipal Bureau of Local Financial Regulation and Supervision, MBLC shall settle the payment of the consideration in cash by bank remittance into the account designated by the Company and MBGC, respectively.

The cash consideration payable by MBLC will be funded by the internal resources of MBLC.

CAPITAL CONTRIBUTION STRUCTURE OF MBLC PRIOR TO AND UPON COMPLETION OF THE CAPITAL REDUCTION

The capital contribution structure of MBLC before and after completion of the Capital Reduction and the consideration for the Capital Reduction payable by MBLC to each of its shareholders in cash are set out as follows:

	Prior to the Capital Reduction			Upon Completion of the Capital Reduction	
Name of shareholder	**Subscribed and paid-in capital contribution** *(RMB)*	**Percentage of capital contribution**	**Consideration for the Capital Reduction** *(RMB)*	**Subscribed and paid-in capital contribution** *(RMB)*	**Percentage of capital contribution**
The Company	1,784,138,461.54	35%	1,400,000,000.00	384,138,461.54	35%
MBGC	3,313,400,000.00	65%	2,600,000,000.00	713,400,000.00	65%
Total	**5,097,538,461.54**	**100%**	**4,000,000,000.00**	**1,097,538,461.54**	**100%**

INFORMATION ON MBLC

MBLC is a company duly incorporated in the PRC with limited liability. MBLC is principally engaged in the provision of finance leasing and related leasing services in respect of automobiles under the brand of Mercedes-Benz to individuals and enterprises.

The following table sets forth the financial information of MBLC for the two years ended 31 December 2025 prepared in accordance with the China Accounting Standards for Business Enterprises:

	For the year ended 31 December	
	2024	**2025**
	(RMB ten thousand)	
	(Audited)	
Revenue	131,737.7	**84,851.2**
Net profit before taxation	69,418.5	**51,420.1**
Net profit after taxation	43,642.5	**31,245.8**

As at 30 June 2026, the total assets of MBLC amounted to RMB11,998.52 million.

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 Beijing Automotive Group Co., Ltd.* (北京汽車集團有限公司), 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 MBGC

MBGC is a company established in the PRC in January 2001, and is a wholly-owned subsidiary of the Mercedes-Benz Group AG. Mercedes-Benz Group AG is an automobile manufacturer established in Germany, principally engaged in the research and development, manufacturing, sale and after-sales servicing of luxury passenger vehicles and light commercial vehicles, and provides tailor-made services for such products. To the best of the knowledge, information and belief, having made all reasonable enquiries, none of Mercedes-Benz Group AG and its subsidiaries is a connected person at the Company level.

REASONS FOR AND BENEFITS OF THE CAPITAL REDUCTION

The Capital Reduction is intended to optimise MBLC's capital structure and improve capital efficiency. It is expected that, upon completion of the Capital Reduction, capital contribution made by the shareholders of MBLC will be released and returned to such shareholders, which will enhance the Group's overall cash flow. The Board considers that the Capital Reduction is in the commercial interests of the Group and is consistent with the long-term goal of maintaining an efficient capital structure across the Group's investment portfolio. These benefits will together promote the Group's sustained growth and stable development in a highly competitive market environment.

OPINIONS OF THE DIRECTORS

The Board (including the independent non-executive Directors but excluding the Directors who have abstained from voting as more particularly described below) is of the view that the terms of the Capital Reduction Agreement and the transaction contemplated thereunder are (i) on normal commercial terms; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

Considering that MBGC is a party to the Capital Reduction Agreement, the Directors who hold office in Mercedes-Benz Group AG and its subsidiaries, namely Mr. Paul Gao and Mr. Tolga Oktay, are therefore considered to be materially interested in the Capital Reduction contemplated under the Capital Reduction Agreement. Therefore, each of Mr. Paul Gao and Mr. Tolga Oktay has abstained from voting on the Board resolutions for approving the Capital Reduction Agreement and the Capital Reduction contemplated thereunder. Save for the above Directors, none of the other Directors has a material interest in the Capital Reduction or is required to abstain from voting on the relevant Board resolutions.

LISTING RULES IMPLICATIONS

As at the date of this announcement, MBGC holds 10.335% of the equity interest in Beijing Benz, a non-wholly owned subsidiary of the Company, and hence is a connected person of the Company at the subsidiary level as defined in the Listing Rules. As MBGC holds 65% of the equity interest in MBLC, MBLC is an associate of MBGC and is therefore also a connected person of the Company. Accordingly, the Capital Reduction contemplated under the Capital Reduction Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Capital Reduction is more than 5% but less than 25%, the Capital Reduction also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As the Capital Reduction Agreement is (i) entered into on normal commercial terms; (ii) approved by the Board; and (iii) confirmed by the independent non-executive Directors that its terms are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole, the transaction contemplated thereunder is exempt from the circular, independent financial advice and independent Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules, but is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

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"	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.), 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% equity interest directly or indirectly owned by Mercedes-Benz Group AG
"Board"	the board of Directors
"Capital Reduction"	the reduction of the registered capital held by the Company and MBGC in MBLC contemplated under the Capital Reduction Agreement
"Capital Reduction Agreement"	the Capital Reduction Agreement dated 7 August 2026 entered into among the Company, MBGC and MBLC, pursuant to which the Company and MBGC agreed to reduce the capital contribution to MBLC in proportion to their respective equity interests
"Company"	BAIC Motor Corporation Limited* (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
"Group"	the Company and its subsidiaries
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time

"MBGC"	Mercedes-Benz Group China Ltd. (梅賽德斯－奔馳（中國）投資有限公司), a company duly incorporated under the laws of the PRC and a connected person of the Company at the subsidiary level
"MBLC"	Mercedes-Benz Leasing Co., Ltd. (梅賽德斯－奔馳租賃有限公司), a company duly incorporated under the laws of the PRC
"PRC" or "China"	the People's Republic of China
"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
"%"	percent

By Order of the Board
BAIC Motor Corporation Limited
Huang Yan
Secretary to the Board and Company Secretary

Beijing, the PRC, 7 August 2026

As at the date of this announcement, the Board comprises Mr. Zhang Guofu, as Chairman of the Board and non-executive Director; Mr. Gu Xin, as non-executive Director; Mr. Chen Geng and Ms. Zheng Mingying, as executive Directors; Mr. Ye Qian, Mr. Paul Gao, Mr. Tolga Oktay, Mr. Gu Tiemin and Mr. Zhou Jianyu, as non-executive Directors; Ms. Yin Yuanping, Mr. Xu Xiangyang, Mr. Tang Jun, Mr. Edmund Sit and Mr. Ji Xuehong, as independent non-executive Directors; and Mr. Zhao Jinlun, as employee representative Director.

* *For identification purpose only*