OVERVIEW

We are a leading manufacturer of passenger vehicles in China. According to ACMR, we are expected to be the second-largest passenger vehicle manufacturer listed on the Hong Kong Stock Exchange upon the Listing, based on the aggregate sales volume of Beijing Motor, Beijing Benz and Beijing Hyundai in 2013. We are engaged in the design, research and development, manufacture and sale of an extensive and diversified portfolio of passenger vehicle models, and the provision of related services in China.

We believe that we are a passenger vehicle manufacturer in China that is well positioned to meet market demand and that possesses high growth potential. Our business covers (i) Beijing Motor's proprietary brand (the "Beijing" brand), which has a leading technology platform and has experienced fast sales growth, (ii) the premier passenger vehicle brand of Mercedes-Benz which has a long history, and (iii) Beijing Hyundai's mid- to high-end brand with stable sales growth. We offer a diversified and highly complementary brand portfolio of passenger vehicles covering different market segments including joint-venture premium, joint-venture mid- to high-end, proprietary mid- to high-end and proprietary economy passenger vehicles. We offer a variety of passenger vehicle models, including mid- to large-size sedan, mid-size sedan, compact sedan, small-size sedan, SUV, MPV and CUV products to satisfy customer demands for different types of vehicles.

Beijing Motor's proprietary brand passenger vehicle business is carried out under three product series, including the mid- to high-end Senova series, economy BJ series and Wevan series. In 2011, 2012, 2013 and the six months ended June 30, 2014, the sales volume of Beijing Motor's proprietary brand was 24,415 units, 77,561 units, 202,280 units and 153,730 units, respectively.

We acquired 50.0% of Beijing Benz's equity interest from the BAIC Group on January 4, 2013, and increased our shareholding to 51.0% on November 18, 2013. As a result, Beijing Benz became our subsidiary and has been consolidated in our financial statements since November 18, 2013. According to ACMR, in terms of sales volume in 2013, Beijing Benz accounted for 15.3% of the joint-venture premium passenger vehicle market in China, and was the third-largest automobile manufacturer in the PRC market for premium joint-venture passenger vehicles. In 2011, 2012, 2013 and the six months ended June 30, 2014, the sales volume of Beijing Benz was 93,377 units, 103,445 units, 116,006 units and 64,494 units, respectively. Mercedes-Benz is a brand licensed to Beijing Benz by its owner, Daimler AG.

Beijing Hyundai is a joint venture between us and Hyundai Motor. Each of BAIC Investment, one of our subsidiaries, and Hyundai Motor holds 50.0% of the equity interest in Beijing Hyundai. According to ACMR, in terms of single-brand sales volume, Beijing Hyundai was the second-largest joint venture passenger vehicle brand in the PRC in 2013, accounting for 10.6% of the joint venture mid- to high-end passenger vehicle market. In 2013, the annual sales volume of Beijing Hyundai exceeded one million units, and as of October 2014, Beijing Hyundai reached a cumulative sales volume of over six million units since its inception in 2002. In 2011, 2012, 2013 and the six months ended June 30, 2014, the sales volume of Beijing Hyundai was 739,800 units, 859,595 units, 1,030,808 units and 552,970 units, respectively. For details of Beijing Hyundai and its products, see "Business—Beijing Hyundai" beginning on page 173 of this prospectus. Hyundai is a brand licensed to Beijing Hyundai by its owner, Hyundai Motor.

Sales and marketing activities are primarily carried out separately through dealers of Beijing Motor, Beijing Benz and Beijing Hyundai, each of which has established an extensive distribution network in China.

In addition, we manufacture engines and other key automobile parts and components, which are used for manufacturing our passenger vehicles, as well as for sales to other automobile manufacturers.

OUR BRANDS

Beijing Motor

Beijing Motor's proprietary brand (the "Beijing" brand) business currently manufactures passenger vehicles under three product series, namely, Senova, BJ and Wevan.

Senova (紳寶)

We commenced the sales of Senova passenger vehicles in May 2013. Senova passenger vehicles (except for Senova D20) are based on the Saab technologies acquired in 2009, which we have further developed. Senova is a mid- to high-end proprietary passenger vehicle product series and targets customers who value both vehicle performance and cost efficiency. At present, we manufacture and sell the D70, D50 and D20 sedans under the Senova product series, and we plan to launch the D60, D80 and Senova CC sedans and the X65, X55 and C33 SUVs under the Senova product series in 2015. In 2013 and the six months ended June 30, 2014, we sold 10,032 units and 10,274 units, respectively, of Senova passenger vehicles.

BJ (北京)

We commenced the sales of BJ passenger vehicles in 2012. Our BJ product series focuses on economy passenger vehicles. During the Track Record Period, we manufactured and sold E-Series sedans and BJ40 off-road vehicles under the BJ product series. As part of an initiative to rebrand our proprietary brand passenger vehicles, we discontinued the E-Series product line and rebranded the E-Series facelift as the Senova D20 in November 2014. We currently manufacture and sell BJ40 off-road vehicles as part of the Transition Period Arrangement. See "Relationship with BAIC Group—III. Delineation of the Businesses between the Excluded Companies and Our Company—3. Off-road Vehicle Branch—Operational independence" beginning on page 192 of this prospectus). In 2012, 2013 and the six months ended June 30, 2014, we sold 20,008 units, 60,297 units and 49,526 units, respectively, of BJ passenger vehicles.

Wevan (威旺)

We commenced the sales of Wevan passenger vehicles in 2011. Our Wevan product series focuses on CUV and MPV products, and targets small and micro businesses and individuals in China. We currently manufacture and sell the CUV models Wevan 306 and Wevan 307. We sold the MPV model Wevan M20, which was manufactured by Yinxiang Motor on our behalf during the Track Record Period. We started to manufacture Wevan M20 in our Zhuzhou Branch in the third quarter of 2014. We also sell CUV models Wevan 205 and Wevan 206, each of which is manufactured by Yinxiang Motor on our behalf. We plan to launch facelifts of Wevan 306 and Wevan 307 in 2015. For 2011, 2012, 2013 and the six months ended June 30, 2014, we sold 10,016 units, 46,368 units, 130,274 units and 93,540 units, respectively, of Wevan automobiles.

Beijing Benz

Beijing Benz commenced the sales of Mercedes-Benz-branded passenger vehicles in 2006. Beijing Benz currently manufactures and sells the E-Class sedan, the C-Class sedan and the GLK SUV. Beijing Benz launched an LWB version of the new C-Class in August 2014 and plans to introduce a new generation of the GLK SUV, a regular-wheelbase version of the new C-Class sedan, and the GLA SUV in 2015. In 2011, 2012, 2013 and the six months ended June 30, 2014, Beijing Benz sold 93,377 units, 103,445 units, 116,006 units and 64,494 units of passenger vehicles, respectively.

OUR PRODUCTS

During the Track Record Period, we sold passenger vehicles across four product categories, namely sedan, SUV, MPV and CUV products. The following table sets forth sales details of passenger vehicles sold by Beijing Motor's continuing operations and Beijing Benz, by model, for the periods indicated:

	Market positioning	Manufacturer's suggested retail price range as of the Latest Practicable Date (RMB'000)	Year ended December 31, 2011	2012	2013	Six months ended June 30, 2014
			Sales volume (units)			
Beijing Motor						
Senova (紳寶)						
D70	Mid- to high-end mid-size sedan	139.8 - 215.8	—	—	10,032	2,072
D50	Mid- to high-end compact sedan	74.8 - 119.8	—	—	—	8,202
BJ (北京)[1]						
E-Series	Economy small-size sedan	53.8 - 87.8	—	20,008	60,297	44,603
BJ40	Off-road vehicle	146.8 - 186.8	—	—	—	4,923
Wevan (威旺)[2]						
306	Economy CUV	31.8 - 46.8	10,016	46,368	82,838	31,450
307	Economy CUV	44.8 - 51.8	—	—	2,226	4,089
M20	Small-size MPV	43.8 - 63.8	—	—	12,933	37,598
205	Economy CUV	29.8 - 35.8	—	—	30,927	20,074
206	Economy CUV	32.3 - 40.8	—	—	1,350	329
New Energy[3]	—	—	—	644	1,677	390
Others[4]	—	—	14,399	10,541	—	—
Subtotal			24,415	77,561	202,280	153,730
Beijing Benz[5]						
E-Class (LWB)	Premium mid- to large-size sedan	429.0 - 798.0	44,951	36,765	39,623	24,525
C-Class	Premium mid-size sedan	315.0 - 468.0	32,585	30,970	35,411	12,843
GLK	Premium SUV	398.0 - 558.0	259	25,929	40,972	27,126
Others[6]	—	—	15,582	9,781	—	—
Subtotal			**93,377**	**103,445**	**116,006**	**64,494**

(1) As part of an initiative to rebrand our proprietary brand passenger vehicles, we discontinued the BJ E-Series product line and rebranded the BJ E-Series facelift as Senova D20 in November 2014. The BJ40 off-road vehicle was launched in late December 2013. For more information about the manufacture and sale of BJ40, see "Relationship with BAIC Group—III. Delineation of the Businesses between the Excluded Companies and Our Company—3. Off-road Vehicle Branch—Operational independence."

(2) We utilized BAIC Limited's production capacity to manufacture a limited number of Wevan 306 in the second half of 2014, and procured the whole vehicles for re-sale through our own distribution network by means of an exclusive sales agency arrangement. For more details, see "Business—Manufacturing Facilities and Process—Provisional Arrangement with BAIC Limited." During the Track Record Period, the Wevan M20, Wevan 205 and Wevan 206 were manufactured by Yinxiang Motor, from which we purchased and resold them. Our Zhuzhou Branch started to manufacture certain Wevan M20 models in the third quarter of 2014. For more details, see "Business—Manufacturing Facilities and Process—Arrangement with Yinxiang Motor."

(3) In October 2013, we disposed of New Energy to BAIC Group. For details, see "History, Reorganization and Corporate Structure—Major Acquisitions and Disposals," "Relationship with BAIC Group—III. Delineation of the Businesses between the Excluded Companies and Our Company—5. New Energy" and "Connected Transactions—Continuing Connected Transactions Relating to BAIC Group and Its Associates—Non-exempt Continuing Connected Transactions—4. Products and Services Purchasing Framework Agreement ("Transaction 4")—Arrangement of Purchasing New Energy Vehicle Components and Related Assembly Services during the New Energy Transition Period" in this prospectus.

(4) Others primarily include commercial vehicles and off-road vehicles which were manufactured by BAIC Limited. We disposed of BAIC Limited to BAIC Group in November 2012.

(5) In 2011, 2012 and the period from January 1, 2013 to November 17, 2013, we did not consolidate Beijing Benz, and its sales volumes during these periods are intended for reference and comparison only.

(6) These passenger vehicles included the Mercedes-Benz E-Class, GLK, A-Class and B-Class, which were manufactured by Daimler AG and imported and sold by Beijing Benz in China in 2011 and 2012.

MANUFACTURING FACILITIES AND PRODUCTION CAPACITY

We have specialized production facilities to manufacture and assemble our products. All of our manufacturing bases are located in China, and are equipped with advanced production facilities, which not only allow us to improve efficiency and maintain the high quality of our products, but also to reduce per unit product costs as our production volume ramps up. The following table sets forth certain information relating to our existing facilities as of the Latest Practicable Date:

	Location	Production commencement date	Land area (square meters)	Gross floor area (square meters)	Product	Designed annual production capacity (units)
Passenger Vehicle						
Beijing Motor						
Beijing Branch	Beijing	March 2013	1,060,386	385,850	Passenger vehicle	150,000
Zhuzhou Branch (Phase I of No. 1 Factory)	Zhuzhou	June 2011	531,706	258,818	Passenger vehicle	100,000
Zhuzhou Branch (Phase II of No. 1 Factory)	Zhuzhou	June 2013	531,706	73,900	Passenger vehicle	100,000
Beijing Benz						
MRA Factory	Beijing	July 2006	1,983,256	358,163	Passenger vehicle	230,000
Engine						
Beijing Motor						
Powertrain	Beijing	December 2012	297,000	133,780	Engine	100,000[1]
Zhuzhou Branch (Phase II of No. 1 Factory)[2]	Zhuzhou	June 2013	531,706	73,900	Engine	100,000
Beijing Benz						
Engine Factory	Beijing	November 2013	292,518	160,700	Engine	300,000

(1) Approved designed production capacity of engines of Powertrain is 300,000 units. As of the Latest Practicable Date, designed production capacity in use was 100,000 units and designed production capacity under construction was 200,000 units.
(2) It shares the land and buildings with the passenger vehicle production unit of the Zhuzhou Branch.

The following table sets forth the designed annual production capacity and the production volume of passenger vehicles and the average utilization rate of production lines of Beijing Motor and Beijing Benz during the Track Record Period:

	Year ended or as of December 31,									Six months ended or as of June 30,		
	2011			2012			2013			2014		
	Designed production capacity	Actual production volume	Utilization rate[(1)]	Designed production capacity	Actual production volume	Utilization rate[(1)]	Designed production capacity	Actual production volume	Utilization rate[(1)]	Designed production capacity	Actual production volume	Utilization rate[(1)]
Beijing Motor												
Beijing Branch	—	—	—	—	—	—	150,000	11,957	9.6%	150,000	17,433	23.2%
Zhuzhou Branch	100,000	14,008	24.0%	100,000	66,124	66.1%	200,000	150,088	94.8%	200,000	75,703	75.7%
Total	100,000	14,008	24.0%	100,000	66,124	66.1%	350,000	162,045	57.2%	350,000	93,136	53.2%
Beijing Benz												
MRA Factory	100,000	80,172	80.2%	100,000	96,839	96.8%	120,000	118,819	101.8%	120,000	56,257	93.8%

(1) The average utilization rate is derived on the basis of the actual production volume divided by the weighted average designed production capacity for the period indicated. If the expansion of the production capacity occurs in a particular month (N) in the current year, the weighted average designed production capacity of the current year = (N-1) / 12 × annual production capacity immediately before the expansion + (13-N) / 12 × annual production capacity immediately after the expansion. If the expansion of the production capacity occurs in a particular month (N) during the six months ended June 30, 2014, the weighted average designed production capacity of the period = (N-1) / 6 × annual designed production capacity immediately before the expansion / 2 + (7-N) / 6 × annual designed production capacity immediately after the expansion / 2.

SUPPLIERS AND PROCUREMENT

We have developed long-term business relationships with our suppliers and negotiated supply agreements with favorable terms and stable pricing policies. We have established long-term relationships with a number of renowned automobile parts and components suppliers in the world, including ThyssenKrupp, Johnson Controls and Lear, which has ensured that our products are of a high quality. We have had business relationships with our key suppliers for a period of over three years.

We purchase a wide variety of raw materials, parts and components from suppliers. The key raw materials, parts and components used in the manufacture of our products include steel, tires and a variety of fabricated or manufactured parts and components, such as engines and axles. In addition, we also purchase manufacturing equipment, molds, spare parts, supporting materials and information technologies and services. In 2011, 2012, 2013 and the six months ended June 30, 2014, our procurement costs (exclusive of the procurement costs of vehicles from Yinxiang Motor in 2013) accounted for 88.1%, 95.1%, 87.2% and 89.5%, respectively, of our total cost of sales during the same periods.

We have taken various initiatives to reduce or control our procurement costs without compromising on the quality of our products. We believe that, as a result of our increasing production scale and procurement volume, our increasing bargaining power has helped us to reduce the prices of raw materials, parts and components through negotiation with our suppliers. In addition, we have continuously optimized the design of our passenger vehicle products to achieve higher cost-effectiveness. We have also initiated the standardization and modularization of the parts and components to be used in our passenger vehicles, which has not only improved our production efficiency, but also improved the cost structure of our products.

OUR DEALERSHIP NETWORK

The following table sets forth the change in the number of Beijing Motor's dealers and dealership outlets operated by these dealers for the periods and as of the dates indicated:

	Year ended or as of December 31,										Six months ended or as of June 30,		
	2010	2011			2012			2013			2014		
	Total	New	Terminated	Total	New	Terminated	Total	New	Terminated	Total	New	Terminated	Total
Dealers	—	73	—	73	182	2	253	179	19	413	89	34	468
Dealership outlets	—	73	—	73	182	2	253	179	19	413	89	34	468

The following table sets forth the change in the number of Beijing Benz's dealers and dealership outlets operated by these dealers for the periods and as of the dates indicated:

	Year ended or as of December 31,										Six months ended or as of June 30,		
	2010	2011			2012			2013			2014		
	Total	New	Terminated	Total	New	Terminated	Total	New	Terminated	Total	New	Terminated	Total
Dealers	122	21	—	143	30	—	173	65	—	238	36	—	274
Dealership outlets	166	46	—	212	52	2	262	83	4	341	41	2	380

DISCONTINUED OPERATIONS

In 2011 and 2012, we produced commercial vehicles under our proprietary brand through BAIC Limited, and engaged in logistics and auction businesses through Zhongdu Logistics and Beiqi Penglong, respectively (collectively referred to as "discontinued operations"). In 2012, we disposed of our entire 51.0% equity interest in Zhongdu Logistics, 100.0% of our equity interest in Beiqi Penglong and our entire 51.0% equity interest in BAIC Limited to BAIC Group. The revenue and other profit and loss items of the discontinued operations have been recorded in the line item "Loss for the year from discontinued operations" and separately disclosed in our consolidated statements of comprehensive income during the Track Record Period. Accordingly, our net profits in 2011 and 2012 reflected the losses from discontinued operations of RMB196.2 million and RMB80.7 million, respectively, and therefore, are not indicative of our future performance. See "Risk Factors—Risks relating to Our Business—Our results of operations during the Track Record Period may not be indicative of our future performance due to our acquisitions and disposals" on page 36 of this prospectus, "History, Reorganization and Corporate Structure" beginning on page 98 of this prospectus and "Financial Information" beginning on page 296 of this prospectus.

BEIJING HYUNDAI

Beijing Hyundai commenced the production and sales of Hyundai-branded passenger vehicles in 2002. Hyundai is a major global mid- to high-end automobile brand. According to ACMR, in terms of sales volume as a single brand, Hyundai's automobiles ranked fifth in the world in 2013 and, among all joint-venture mid- to high-end passenger vehicle brands, Beijing Hyundai's passenger vehicles ranked second in China in 2013. Beijing Hyundai focuses on the development and manufacture of mid- to high-end sedans and SUVs, and targets young middle-class customers in China. In 2011, 2012 and 2013, Beijing Hyundai sold 739,800 units, 859,595 units and 1,030,808 units, respectively, of passenger vehicles, representing a CAGR of 18.0%. In the six months ended June 30, 2014, Beijing Hyundai sold 552,970 units of passenger vehicles. Beijing Hyundai's revenue was RMB68,711.0 million, RMB77,311.5 million, RMB103,167.3 million and RMB54,393.0 million in 2011, 2012, 2013 and the six months ended June 30, 2014, respectively, and its net profit was RMB6,832.4 million, RMB7,470.0 million, RMB10,799.2 million and RMB5,537.5 million, respectively, during the same periods.

COMPETITIVE STRENGTHS

- We are a leading manufacturer of passenger vehicles in China, with a portfolio of complementary brands and products, and strong positioning in fast-growing segments of the market;
- Our Beijing brand has a long history, advanced technology and precise market positioning, and we intend to introduce a large number of new and competitive vehicle models under our Beijing Brand;
- Beijing Benz, with the historic Mercedes-Benz premium brand, is primed for growth from new model launches, increased localization and an integrated sales platform;
- Beijing Hyundai is a rapidly growing mid- to high-end passenger vehicle business with a competitive product portfolio, and has grown rapidly from a new entrant to a market leader in China;
- We have a diversified and international shareholding structure and sound corporate governance; and
- We have an international management team with an excellent track record, supported by a professional workforce.

BUSINESS STRATEGIES

- Further expand our product portfolio and offer new vehicle models;
- Continue to improve the cost structure of our Beijing brand passenger vehicle business and improve its profitability;
- Further strengthen our research and development and innovation capabilities, enhance our competitiveness and achieve sustainable development; and
- Further explore business models in automobile sales and expand our sales network.

CONTROLLING SHAREHOLDER AND PRE-IPO STRATEGIC INVESTMENT

Controlling Shareholder

BAIC Group, is a state-owned enterprise established on June 30, 1994 with a registered capital of approximately RMB4.55 billion. BAIC Group is the fifth-largest automobile group in terms of passenger vehicle sales in 2013 in the PRC with a market share of 8.2%, according to ACMR. Its principal businesses include manufacturing, sale, import and export of vehicles and spare parts, operation and management of state-owned assets, investment and investment management, technology development, service and consultancy, and real property development and sales. We believe that our Controlling Shareholder may have limited competition with us in terms of the manufacture and sales of certain types of passenger vehicles. Despite that the off-road vehicles produced by BAIC Group and the SUVs produced by us may overlap, to a limited extent, in terms of functions, technical specifications or customer base, based on the differentiations of these two categories of passenger vehicles, our Directors and the Joint Sponsors are of the view that there is very limited competition between BAIC Group and us with respect to SUVs and off-road vehicles. See "Relationship with BAIC Group" beginning on page 182 of this prospectus for details on our relationship with BAIC Group, including, among others, our business delineation and independence from BAIC Group.

BAIC Group had been our sole Controlling Shareholder throughout the Track Record Period. As of the Latest Practicable Date, BAIC Group owned approximately 55.22% of the total issued share capital of our Company. Upon completion of the Global Offering, BAIC Group will own approximately 45.61% of the total issued share capital of our Company (assuming the Over-allotment Option is not exercised) or approximately 44.41% of the total issued share capital of our Company (assuming the Over-allotment Option is exercised in full). BAIC Group is expected to continue to be our sole Controlling Shareholder after the Listing.

Pre-IPO Strategic Investment

On February 1, 2013, our Company, BAIC Group and Daimler AG entered into a Share Subscription Agreement, pursuant to which our Company issued to Daimler AG 765,818,182 Unlisted Foreign Shares, representing 12% of the enlarged total issued share capital of our Company following the completion of the Pre-IPO Strategic Investment. The subscription price per Share was RMB6.7 and the total price paid by Daimler AG for subscription of such Shares under the Share Subscription Agreement was RMB5,130,981,819.40. See "History, Reorganization and Corporate Structure" beginning on page 98 of this prospectus.

SUMMARY OF FINANCIAL INFORMATION

Our continuing operations were entirely composed of Beijing Motor in 2011 and 2012, and consisted of both Beijing Motor and Beijing Benz in 2013. On January 4, 2013, we acquired a 50% equity interest in Beijing Benz, which became our joint venture. On November 18, 2013, we acquired an additional 1% equity interest in Beijing Benz, which made it our subsidiary on the same date. We refer to the period from January 4, 2013 to November 17, 2013 as the "Joint Venture Period" and the period from November 18, 2013 to December 31, 2013 as the "Subsidiary Period" when we discuss the accounting treatment and operating results of Beijing Benz in 2013. Stand-alone financial information of Beijing Benz in 2011, 2012 and the period from January 1, 2013 to November 17, 2013, prior to our acquisition of a controlling interest, is included in Section III of the Accountant's Report in Appendix I to this prospectus. Beijing Benz was accounted for as an investment in a joint venture in our consolidated financial statements during the Joint Venture Period. Beijing Benz's financial statements were consolidated into our Group during the Subsidiary Period based on the fair value of Beijing Benz by applying the acquisition accounting method in accordance with IFRSs. As our accounting treatment of Beijing Benz in the Subsidiary Period is different from that in the Joint Venture Period, our results of operations during the Track Record Period may not be necessarily indicative of our future financial performance. See "Risk Factors—Risks relating to Our Business—Our results of operations during the Track Record Period may not be indicative of our future performance due to our acquisitions and disposals" on page 36 of this prospectus.

The following tables set forth (i) the summary consolidated statements of comprehensive income of (a) Beijing Motor in 2011, 2012 and 2013, (b) Beijing Benz in the Subsidiary Period, and (c) our Group in 2013 and the six months ended June 30, 2013 and 2014, (ii) the summary consolidated balance sheets of our Group as of December 31, 2011, 2012 and 2013 and June 30, 2014 and (iii) the summary consolidated statements of cash flows of (a) Beijing Motor in 2011, 2012 and 2013, (b) Beijing Benz in the Subsidiary Period, and (c) our Group in 2013 and the six months ended June 30, 2013 and 2014. We have derived the summary of consolidated financial information of Beijing Motor (other than in 2013) as well as of our Group in 2013 and the six months ended June 30, 2013 and 2014 from our consolidated financial information set forth in the Accountant's Report in Appendix I to this prospectus. Financial information of Beijing Motor in 2013 and of Beijing Benz in the Subsidiary Period is extracted from our unaudited management accounts. You should read this summary in conjunction with our consolidated financial information included in the Accountant's Report in Appendix I to this prospectus, including the accompanying notes, and the information set forth in "Financial Information" beginning on page 296 of this prospectus.

Summary Consolidated Statements of Comprehensive Income

	Beijing Motor			Beijing Benz	Our Group[(2)]		
	Year ended December 31,			The Subsidiary Period	Year ended December 31,	Six months ended June 30,	
	2011	2012	2013		2013	2013	2014
			(unaudited)	(unaudited)		(unaudited)	
				(RMB'000)			
Revenue	1,915,738	3,519,669	6,847,499	5,934,369	12,781,868	2,293,837	25,126,877
Cost of sales	(1,888,490)	(3,687,797)	(7,825,417)	(4,541,270)	(12,366,687)	(2,607,290)	(21,711,810)
Gross profit/(loss)	27,248	(168,128)	(977,918)	1,393,099	415,181	(313,453)	3,415,067
Selling and distribution expenses	(398,640)	(1,030,547)	(1,610,660)	(592,637)	(2,203,297)	(489,616)	(2,071,834)
General and administrative expenses	(354,469)	(505,532)	(796,920)	(454,440)	(1,251,360)	(290,836)	(1,275,454)
Other gains/(losses), net[(1)]	106,426	1,855,459	634,847	(15,197)	619,650	50,892	13,407
Operating (loss)/profit	(619,435)	151,252	(2,750,651)	330,825	(2,419,826)	(1,043,013)	81,186
Finance costs, net	(81,876)	(158,253)	(480,088)	4,376	(475,712)	(206,502)	(236,568)
Share of profits of joint ventures	3,571,598	3,834,902	5,986,518	—	5,986,518	2,951,154	2,777,840
Share of (losses)/profits of associates	(86,147)	(42,844)	35,749	—	35,749	11,881	35,364
Profit before income tax	2,784,140	3,785,057	2,791,528	335,201	3,126,729	1,713,520	2,657,822
Income tax expenses	(21,324)	(226,316)	(26,577)	(86,739)	(113,316)	(8,790)	(318,244)
Profit from continuing operations	2,762,816	3,558,741	2,764,951	248,462	3,013,413	1,704,730	2,339,578
Discontinued operations							
Loss from discontinued operations	(196,184)	(80,670)	—	—	—	—	—
Profit for the period	**2,566,632**	**3,478,071**	**2,764,951**	**248,462**	**3,013,413**	**1,704,730**	**2,339,578**
Attributable to:							
Equity holders of the Company	2,598,483	3,417,427	2,649,664	126,716	2,776,380	1,650,211	1,809,713
Non-controlling interest	(31,851)	60,644	115,287	121,746	237,033	54,519	529,865

(1) Our other net gains or losses included gains or losses from our one-off disposals of assets and investments as well as government grants which are non-recurring items. In particular, our other net gains in 2012 included, among others: (i) aggregate gains of RMB1,118.7 million from our disposals of subsidiaries, joint ventures and associates; and (ii) unconditional government grants of RMB613.0 million from the Beijing government to encourage us to establish a dealership network and enhance the image of our proprietary brand.

(2) In the six months ended June 30, 2013, Beijing Motor comprised our entire business.

Share of profits of joint ventures of Beijing Motor included, among others, our share of profits of Beijing Hyundai in 2011 (RMB3,416.2 million), 2012 (RMB3,735.0 million) and 2013 (RMB5,399.6 million) and Beijing Benz of the Joint Venture Period of RMB571.2 million. Share of profits of joint ventures of our Group included, among others, our share of profits of Beijing Hyundai of RMB2,768.8 million in the six months ended June 30, 2014.

Our Beijing Motor segment recorded gross losses, operating losses and negative operating cash flows during the Track Record Period due to a number of reasons, including: (i) Beijing Motor offered significant sales discounts and rebates to customers, especially in 2012 and 2013, to capture market share and promote our Beijing Motor proprietary brand; (ii) sales volumes of Beijing Motor were not sufficiently high during the Track Record Period, especially during the ramp-up period for each vehicle model, to allow us to achieve economies of scale in production; (iii) significant raw material costs as a result of higher set-up costs due to the need for our relatively new third party suppliers to make custom parts and components to meet our specifications; (iv) significant amounts of depreciation and amortization associated with new production facilities and development costs; and (v) intense market competition adversely affected the growth of Beijing Motor's sales volumes. As part of our marketing strategy, we intend to continue to offer sales discounts and rebates to Beijing Motor's customers. However, the exact amount of such discounts and rebates will depend upon the market reaction to Beijing Motor's new vehicles, brand recognition of Beijing Motor and the marketing activities of Beijing Motor's competitors. Our Directors expect Beijing Motor's gross profit and operating profit to become positive within three financial years after the Global Offering only if certain assumptions and conditions are met, such as when our Beijing Motor proprietary brand becomes more widely recognized, Beijing Motor reaches economies of scale, and Beijing Motor continues to adopt stringent cost control measures. See "Financial Information" for further information. We had net profits during the Track Record Period only due to our share of profit of Beijing Hyundai and, to a lesser extent, of Beijing Benz in the Joint Venture Period as well as the revenue contribution from Beijing Benz in the Subsidiary Period.

In 2011, 2012 and 2013, Beijing Benz's revenue was RMB28,688.2 million, RMB29,673.4 million and RMB33,220.2 million, respectively. Beijing Benz's financial results are intended for comparison and illustrative purposes only. Investors should note that Beijing Benz's revenue in 2011 and 2012 was not consolidated into ours in those years, and Beijing Benz's financial results for 2013 were combined by adding its financial results for the period from January 1, 2013 to November 17, 2013 to its financial results for the period from November 18, 2013 to December 31, 2013. In 2011, 2012 and 2013, Beijing Benz had net profit of RMB3,479.2 million, RMB1,910.9 million and RMB1,506.6 million, respectively, with a net profit margin of 12.1%, 6.4% and 4.5%, respectively. The decrease in Beijing Benz's net profit margin was due primarily to the substantial increases in selling and distribution expenses, particularly service fees and charges in 2012 and 2013, and the non-recurring nature of its relocation compensation recognized in 2012. See "Financial Information—Financial Information of Beijing Benz" beginning on page 348 of this prospectus.

In the six months ended June 30, 2014, our revenue and profit for the period amounted to RMB25,126.9 million and RMB2,339.6 million, respectively. During the same period, Beijing Benz contributed revenue of RMB19,156.7 million and net profit of RMB964.6 million to our overall revenue and profit for the period, respectively; and Beijing Motor contributed revenue of RMB5,970.2 million and a net loss of RMB1,393.7 million (excluding the share of profit of Beijing Hyundai) to our overall revenue and profit for the period, respectively.

Summary Consolidated Balance Sheets of Our Group

	As of December 31,			As of June 30,
	2011	2012	2013	2014
	(RMB'000)			
Total current assets	4,461,067	9,093,987	33,403,602	30,281,474
Total current liabilities	7,676,605	7,287,642	36,779,409	36,523,389
Net current assets/(liabilities)(1)	(3,215,538)	1,806,345	(3,375,807)	(6,241,915)
Total non-current assets	17,339,867	22,688,251	50,082,409	51,651,296
Total non-current liabilities	2,824,686	8,482,330	16,447,015	13,488,033
Total assets	21,800,934	31,782,238	83,486,011	81,932,770
Total liabilities	10,501,291	15,769,972	53,226,424	50,011,422
Total equity	11,299,643	16,012,266	30,259,587	31,921,348

(1) As of December 31, 2011, we had net current liabilities of RMB3,215.5 million, primarily because we were established in 2010 and had limited current assets in 2011. As of December 31, 2013, we had net current liabilities of RMB3,375.8 million after the consolidation of Beijing Benz. Beijing Benz had net current liabilities of RMB3,941.7 million as of December 31, 2013, primarily due to significant amounts of other payables, such as rebates, service fees and charges, advertising fees and construction payables resulting from its business expansion and its substantial borrowings resulting from the expansion of its production capacity. As of June 30, 2014, our net current liabilities increased to RMB6,241.9 million, which primarily reflected (i) a decrease in inventories as a result of Beijing Benz's increased efforts to reduce unsold vehicles in the first half of 2014, (ii) a decrease in cash and cash equivalents as a result of increased purchase of property plant and equipment for our facilities under construction, and (iii) an increase in our short-term borrowings as an increased amount of our long-term borrowings will mature within one year. See "Financial Information—Net Current Assets and Liabilities," and "Financial Information—Financial Information of Beijing Benz—Net Current Assets and Liabilities."

Summary Consolidated Statements of Cash Flows of Our Group

	Beijing Motor(1)			Beijing Benz	Business combination of Beijing Benz and elimination of capital injection	Our Group(2)		
	Year ended December 31,			The Subsidiary Period	Year ended December 31,	Year ended December 31,	Six months ended June 30,	
	2011	2012	2013		2013	2013	2013	2014
			(unaudited)	(unaudited)	(unaudited)		(unaudited)	
	(RMB'000)							
Net cash (used in)/generated from operating activities	(1,017,282)	(623,502)	(3,918,911)	1,516,409	—	(2,402,502)	(539,877)	(1,400,993)
Net cash (used in)/generated from investing activities	(2,449,156)	(5,689,720)	(4,344,535)	(2,410,059)	10,392,141	3,637,547	(554,543)	1,021,314
Net cash generated from/(used in) financing activities	2,047,673	7,385,510	11,734,929	816,302	(216,000)	12,335,231	4,495,227	(1,638,102)
Net (decrease)/increase in cash and cash equivalents	(1,418,765)	1,072,288	3,471,483	(77,348)	10,176,141	13,570,276	3,400,807	(2,017,781)
Cash and cash equivalents at the end of year	1,817,526	2,891,385	6,360,451	10,098,593	—	16,459,044	6,290,402	14,440,746

(1) Beijing Motor's cash generated from investing activities includes cash dividends paid by joint ventures and associates.
(2) In the six months ended June 30, 2013, Beijing Motor comprised our entire business.

DIVIDEND POLICY

In 2011, we did not declare any dividend. In 2012, 2013 and the six months ended June 30, 2014, we paid cash dividends of RMB1,500 million, RMB212.5 million and RMB1,595.5 million, respectively. At our annual general meeting held on June 23, 2014, we declared dividends of RMB678.0 million, which we paid to our Shareholders in the third quarter of 2014 by cash. There is, however, no assurance that we will be able to declare any dividends in any future year. In addition, the declaration or payment of dividends may be limited by legal restrictions and/or by financing agreements that we may enter into in the future.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

In the ten months ended October 31, 2014, we sold 358,130 units of passenger vehicles, including 242,157 units from Beijing Motor and 115,973 units from Beijing Benz. Beijing Hyundai sold 904,854 units of passenger vehicles during the same period. Due primarily to the consolidation of Beijing Benz and our business growth, our revenue and gross profit in the ten months ended October 31, 2014 improved substantially compared to those in the same period in 2013. As a result, our gross margin also improved in the ten months ended October 31, 2014.

We acquired the entire equity interest in Guangzhou Company from BAIC Group in July 2014. The purchase price for this acquisition, as determined with reference to the asset valuation carried out by an independent valuer, is approximately RMB2,369.8 million, of which we paid RMB710.9 million in June 2014 and expect to pay the remaining by installments in December 2014 and June 2015. This asset valuation is intended to reflect the present value of Guangzhou Company's future earning capacity. Guangzhou Company has not engaged in any automobile production before our acquisition. We plan to manufacture Senova D60 and Senova X65 at Guangzhou Company. As of June 30, 2014, the assets of Guangzhou Company totaled RMB2,927.8 million. The operating loss of Guangzhou Company was RMB65.1 million and RMB32.7 million in 2013 and the six months ended June 30, 2014, respectively. See note 39 in Section II and Section IV of Appendix I to this prospectus for the financial information of Guangzhou Company for 2011, 2012 and 2013 and the six months ended June 30, 2013 and 2014.

On August 12, 2014, we issued RMB1.0 billion of private placement bonds with an annual interest rate of 5.4% and a term of three years. We intend to use the proceeds from this bond offering for research and development activities and working capital purposes.

In September 2014, we issued two tranches of medium-term notes with an aggregate principal amount of RMB1.0 billion which we will use for research and development activities and working capital purposes. These two tranches of notes have a term of seven years with an annual interest rate of 5.54% and 5.74%, respectively. Subject to market conditions, we plan to issue an additional RMB500.0 million of medium-term notes shortly after the Global Offering.

Our Directors have confirmed that, since June 30, 2014 and up to the date of this prospectus, there has been no material adverse change in our financial or trading position and there is no event which would materially affect the information shown in our consolidated financial statements included in the Accountant's Report set forth in Appendix I to this prospectus.

LISTING CONDITION AND EXPENSES

We satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules. As of June 30, 2014, we incurred RMB37.8 million of listing expenses for the Global Offering, of which RMB17.5 million was charged to our consolidated statements of comprehensive income and RMB20.3 million was capitalized as deferred expenses and will be accounted for as a deduction from our equity upon the Listing. We expect to incur approximately RMB107.0 million of additional listing expenses (assuming an offer price of HK$8.70 per H Share, which is the mid-point of the stated range of the Offer Price between HK$7.60 and HK$9.80 per H Share) until the completion of the Global Offering, of which RMB15.6 million is expected to be charged to our consolidated statements of comprehensive income and RMB91.4 million is expected to be accounted for as a deduction from our equity. The listing expenses above are the latest practicable estimate for reference only and the actual amount may differ from this estimate. We do not expect these listing expenses to have a material impact on our results of operations in 2014.

OFFERING STATISTICS

All statistics in this table are based on the assumption that the Over-allotment Option will not be exercised:

	Based on an Offer Price of HK$7.60	Based on an Offer Price of HK$9.80
Market capitalization[(1)]	HK$57,061 million	HK$73,579 million
Unaudited pro forma adjusted consolidated net tangible assets per share[(2)]	HK$4.15	HK$4.47

(1) The calculation of market capitalization is based on 1,126,200,000 H Shares expected to be issued and outstanding following the Global Offering.

(2) The unaudited pro forma adjusted consolidated net tangible assets per share is arrived at after the adjustments referred to in "Appendix II—Unaudited Pro Forma Financial Information."

USE OF PROCEEDS

Assuming an Offer Price of HK$8.70 per H Share (being the mid-point of the stated range of the Offer Price of between HK$7.60 and HK$9.80 per H Share), we estimate that we will receive net proceeds of approximately HK$9,656.8 million from the Global Offering after deducting the underwriting commissions, costs and other estimated expenses in the Global Offering, assuming the Over-allotment Option is not exercised. We will not receive any of the proceeds from the sale of the Sale Shares by the Selling Shareholders in the Global Offering.

In line with our business strategies, we intend to use the net proceeds from the Global Offering for the purposes and in the amounts (assuming the Over-allotment Option is not exercised) set forth below:

- approximately 60%, or HK$5,794.1 million (RMB4,584.8 million), will be used for fixed asset investments;
- approximately 10%, or HK$965.7 million, will be used to develop Beijing Motor passenger vehicles;
- approximately 5%, or HK$482.8 million, will be used for the development of the sales network and the promotion of Beijing Motor passenger vehicles;
- approximately 15%, or HK$1,448.5 million, will be used to repay our bank borrowings; and
- approximately 10%, or HK$965.7 million, will be used to replenish our working capital and for general corporate use.

RISK FACTORS

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business; (ii) risks relating to our industry; and (iii) risks relating to conducting business in the PRC. There are also risks relating to the Global Offering. Our business may be materially and adversely affected by these risks, such as the following:

- We may not be able to develop and introduce new passenger vehicles that gain general market acceptance;
- The operations of our joint venture companies may be adversely affected if we fail to reach consensus with our joint venture partners on important decisions;
- Deterioration in the business performance of our joint venture companies or the relationship between our joint venture partners and us could adversely affect our financial condition and results of operations;
- We cannot assure you that our proprietary brand will succeed and become profitable;
- If we fail to market and distribute our passenger vehicles successfully through our dealership networks, our results of operations and market position could be adversely affected;
- If we fail to protect or cultivate our brand image, or if our joint venture partners fail to protect their brands or corporate image, our financial results and market position may be adversely affected; and
- Our future success depends, in part, on our ability to expand our production capacity, which is subject to risks and uncertainties.

For further details regarding the risks we are facing, see "Risk Factors" beginning on page 32 of this prospectus.