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北京汽车
BAIC MOTOR

北京汽車股份有限公司

BAIC MOTOR CORPORATION LIMITED*

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

(Stock Code: 1958)

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

References are made to (i) the announcement of the Company dated 12 July 2017, which contains information in relation to the continuing connected transactions entered into between the Company and Daimler AG under the General Product Supply Series Agreements; (ii) the announcement of the Company dated 20 October 2016, which contains, among other things, information in relation to the continuing connected transactions entered into between Beijing Benz, a non wholly-owned subsidiary of the Company, and BAIC Group under the Trademark Licensing Agreement; and (iii) the circular dated 12 November 2016 of the Company, which contains, among other things, information in relation to the continuing connected transactions entered into between the Group and BAG Finance under the Financial Services Framework Agreement.

REVISION OF THE 2018 AND 2019 ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS UNDER THE GENERAL PRODUCT SUPPLY SERIES AGREEMENTS

The Board resolved on 22 March 2018 to revise the 2018 and 2019 annual caps for the transactions to purchase from Daimler AG the parts, components and materials by the Company under the General Product Supply Series Agreements from RMB1,499.60 million and RMB263.09 million to RMB1,924.8 million and RMB574.0 million, respectively.

As at the date of this announcement, Daimler AG is a substantial shareholder of the Company holding 10.08% equity interests in the Company. Accordingly, Daimler AG is a connected person of the Company and the transactions contemplated between the Company and Daimler AG under the General Product Supply Series Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the 2018 and 2019 annual caps for the transactions to purchase from Daimler AG the parts, components and materials by the Company under the General Product Supply Series Agreements is more than 0.1% but less than 5%, the above-mentioned revision of the 2018 and 2019 annual caps shall be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but exempted from the Independent Shareholders' approval requirement.

REVISION OF THE 2018 AND 2019 ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS UNDER THE TRADEMARK LICENSING AGREEMENT

The Board resolved on 22 March 2018 to revise the 2018 and 2019 annual caps in respect of the trademark licensing fees paid by Beijing Benz to BAIC Group under the Trademark Licensing Agreement from RMB607.1 million and RMB707.7 million to RMB744.5 million and RMB900.8 million, respectively.

As at the date of this announcement, BAIC Group is the sole controlling shareholder of the Company holding approximately 44.98% equity interests in the Company. Accordingly, BAIC Group is a connected person of the Company and the transactions contemplated between Beijing Benz, a non wholly-owned subsidiary of the Company, and BAIC Group under the Trademark Licensing Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the 2018 and 2019 annual caps in respect of the trademark licensing fees paid by Beijing Benz to BAIC Group under the Trademark Licensing Agreement is more than 0.1% but less than 5%, the above-mentioned revision of the 2018 and 2019 annual caps shall be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but exempted from the Independent Shareholders' approval requirement.

REVISION OF THE 2018 AND 2019 ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS UNDER THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

The Board resolved on 22 March 2018 to revise the 2018 and 2019 annual caps in respect of (i) the maximum daily balance of deposits placed by the Group with BAG Finance from RMB12,500.0 million and RMB12,500.0 million to RMB16,000.0 million and RMB16,000.0 million, respectively; and (ii) interest income from deposits placed by the Group with BAG Finance from RMB193.2 million and RMB193.2 million to RMB292.8 million and RMB292.8 million, respectively.

As at the date of this announcement, BAIC Group, the sole controlling shareholder and connected person of the Company, holds 56% equity interests in BAG Finance, thus BAG Finance is an associate of BAIC Group. Therefore, BAG Finance is a connected person of the Company and the transactions contemplated between the Group and BAG Finance under the Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the 2018 and 2019 annual caps for the maximum daily balance of and interest income from deposits placed by the Group with BAG Finance under the Financial Services Framework Agreement exceeds 5%, the above-mentioned revision of the 2018 and 2019 annual caps shall be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2017 ANNUAL GENERAL MEETING

The Company will convene the 2017 annual general meeting for the purpose of, among other things, obtaining the Independent Shareholders' approval for the revision of the 2018 and 2019 annual caps for the maximum daily balance of and interest income from deposits placed by the Group with BAG Finance under the Financial Services Framework Agreement. BAIC Group and its associates will abstain from voting on the resolution in this regard at the 2017 annual general meeting of the Company.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders on the revision of the 2018 and 2019 annual caps for the maximum daily balance of and interest income from deposits placed by the Group with BAG Finance under the Financial Services Framework Agreement. Gram Capital will be 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, further details of the revision of the 2018 and 2019 annual caps for the maximum daily balance of and interest income from deposits placed by the Group with BAG Finance under the Financial Services Framework Agreement, a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders on the revision of the 2018 and 2019 annual caps for the maximum daily balance of and interest income from deposits placed by the Group with BAG Finance under the Financial Services Framework Agreement and a letter from the Independent Board Committee to the Independent Shareholders on the same and its recommendation on voting, together with the notice of the 2017 annual general meeting of the Company, will be despatched to the Shareholders in due course.

I. BACKGROUND

References are made to (i) the announcement of the Company dated 12 July 2017, which contains information in relation to the continuing connected transactions entered into between the Company and Daimler AG under the General Product Supply Series Agreements; (ii) the announcement of the Company dated 20 October 2016, which contains, among other things, information in relation to the continuing connected transactions entered into between Beijing Benz, a non wholly-owned subsidiary of the Company, and BAIC Group under the Trademark Licensing Agreement; and (iii) the circular dated 12 November 2016 of the Company, which contains, among other things, information in relation to the continuing connected transactions entered into between the Group and BAG Finance under the Financial Services Framework Agreement.

II. REVISION OF THE 2018 AND 2019 ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS UNDER THE GENERAL PRODUCT SUPPLY SERIES AGREEMENTS

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

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

	Annual Caps		
	Year ended 31 December 2017	Year ending 31 December 2018	Year ending 31 December 2019
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Transactions to purchase from Daimler AG the parts, components and materials by the Company	434.10	1,499.60	263.09

Actual Transaction Amount for the Year Ended 31 December 2017

As known to the Directors, the actual transaction amount in respect of the transactions to purchase from Daimler AG the parts, components and materials by the Company under the General Product Supply Series Agreements for the year ended 31 December 2017 was RMB96.4 million.

Revised Annual Caps for the Two Years Ending 31 December 2019

Based on the estimation of the aggregate amount of purchase from Daimler AG the parts, components and materials by the Company for the years of 2018 and 2019, the Board resolved on 22 March 2018 to revise the relevant 2018 and 2019 annual caps as follows:

	Revised Annual Caps	
	Year ending 31 December 2018	Year ending 31 December 2019
	<i>(RMB million)</i>	<i>(RMB million)</i>
Transactions to purchase from Daimler AG the parts, components and materials by the Company	1,924.8	574.0

Basis of Determination of the Revised 2018 and 2019 Annual Caps

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

- (i) It is expected that the global standard prices of Daimler AG for the related parts, components and materials will further increase in the next two years; and
- (ii) In response to any unanticipated increase in the price and amount of usage of the parts, components and materials of Daimler AG in 2018 and 2019, the Company set aside a certain buffer for the revised annual caps for the transactions to purchase the parts, components and materials by the Company under the General Product Supply Series Agreements.

Listing Rules Implications

As at the date of this announcement, Daimler AG is a substantial shareholder of the Company holding 10.08% equity interests in the Company. Accordingly, Daimler AG is a connected person of the Company and the transactions contemplated between the Company and Daimler AG under the General Product Supply Series Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the 2018 and 2019 annual caps for the transactions to purchase from Daimler AG the parts, components and materials by the Company under the General Product Supply Series Agreements is more than 0.1% but less than 5%, the above-mentioned revision of the 2018 and 2019 annual caps shall be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but exempted from the Independent Shareholders' approval requirement.

Opinion of the Directors

The Directors (including the independent non-executive Directors) are of the view that the revised 2018 and 2019 annual caps for the transactions to purchase from Daimler AG the parts, components and materials by the Company under the General Product Supply Series Agreements is fair and reasonable, and is in the interests of the Company and its Shareholders as a whole.

The following Directors, being Mr. Hubertus Troska and Mr. Bodo Uebber, also hold office in Daimler AG. Therefore, they were deemed to have material interests in the above-mentioned continuing connected transactions contemplated between the Company and Daimler AG and thus have abstained from voting on the relevant resolution at the Board meeting. Save for the above persons, none of the other Directors has any interest in such transactions.

III. REVISION OF THE 2018 AND 2019 ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS UNDER THE TRADEMARK LICENSING AGREEMENT

The Annual Caps for the Continuing Connected Transactions under the Trademark Licensing Agreement

Pursuant to the Trademark Licensing Agreement, BAIC Group granted Beijing Benz a non-exclusive license for the use of the “Beijing” trademark in its company name and on the passenger vehicles manufactured and assembled by Beijing Benz. Beijing Benz shall pay a trademark licensing fee to BAIC Group on a regular basis. As disclosed in the announcement of the Company dated 20 October 2016, the annual caps in respect of the trademark licensing fees paid by Beijing Benz to BAIC Group under the Trademark Licensing Agreement for the three years ending 31 December 2019 are set out as follows:

	Annual Caps		
	Year ended 31 December 2017	Year ending 31 December 2018	Year ending 31 December 2019
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Trademark licensing fees paid by Beijing Benz to BAIC Group	555.4	607.1	707.7

Actual Transaction Amount for the Year Ended 31 December 2017

As known to the Directors, the actual trademark licensing fees paid by Beijing Benz to BAIC Group under the Trademark Licensing Agreement for the year ended 31 December 2017 was RMB512.0 million.

Revised Annual Caps for the Two Years Ending 31 December 2019

Based on the estimation of the trademark licensing fees payable by Beijing Benz to BAIC Group for the years of 2018 and 2019, the Board resolved on 22 March 2018 to revise the relevant 2018 and 2019 annual caps as follows:

	Revised Annual Caps	
	Year ending 31 December 2018	Year ending 31 December 2019
	<i>(RMB million)</i>	<i>(RMB million)</i>
Trademark licensing fees paid by Beijing Benz to BAIC Group	744.5	900.8

Basis of Determination of the Revised 2018 and 2019 Annual Caps

In determining the revised annual caps for the trademark licensing fees paid by Beijing Benz to BAIC Group under the Trademark Licensing Agreement, the Company mainly considers the following factors:

- (i) The trademark licensing fees previously paid by Beijing Benz to BAIC Group and the growth rate: the trademark licensing fees paid by Beijing Benz to BAIC Group in 2017 increased by 45.3% as compared with that in 2016;
- (ii) The expected increase in the average net revenue per vehicle: as the expected proportion of high-priced vehicle models will increase, the average net revenue per vehicle will increase accordingly, which in turn will result in an expected increase in the trademark licensing fees; and
- (iii) Beijing Benz's development strategy and business expansion plan for 2018 and 2019: it is expected that the sales volume of vehicles of Beijing Benz will continue to increase in 2018 and 2019.

Listing Rules Implications

As at the date of this announcement, BAIC Group is the sole controlling shareholder of the Company holding approximately 44.98% equity interests in the Company. Accordingly, BAIC Group is a connected person of the Company and the transactions contemplated between Beijing Benz, a non wholly-owned subsidiary of the Company, and BAIC Group under the Trademark Licensing Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the 2018 and 2019 annual caps in respect of the trademark licensing fees paid by Beijing Benz to BAIC Group under the Trademark Licensing Agreement is more than 0.1% but less than 5%, the above-mentioned revision of the 2018 and 2019 annual caps shall be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but exempted from the Independent Shareholders' approval requirement.

Opinion of the Directors

The Directors (including the independent non-executive Directors) are of the view that the revised 2018 and 2019 annual caps in respect of the trademark licensing fees paid by Beijing Benz to BAIC Group under the Trademark Licensing Agreement is fair and reasonable, and is in the interests of the Company and its Shareholders as a whole.

The following Directors, being Mr. Xu Heyi, Mr. Zhang Xiyong and Mr. Zhang Jianyong, also hold office in BAIC Group. Therefore, they were deemed to have material interests in the above-mentioned continuing connected transactions contemplated between Beijing Benz and BAIC Group and thus have abstained from voting on the relevant resolution at the Board meeting. Save for the above persons, none of the other Directors has any interest in such transactions.

IV. REVISION OF THE 2018 AND 2019 ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS UNDER THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

The Annual Caps for the Continuing Connected Transactions under the Financial Services Framework Agreement

Pursuant to the Financial Services Framework Agreement, BAG Finance will provide financial services to the Group, 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 subject to obtaining relevant approvals from CBRC. As disclosed in the circular of the Company dated 12 November 2016, the annual caps in respect of the maximum daily balance of and interest income from deposits placed by the Group with BAG Finance under the Financial Services Framework Agreement for the three years ending 31 December 2019 are set out as follows:

	Annual Caps		
	Year ended 31 December 2017	Year ending 31 December 2018	Year ending 31 December 2019
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Maximum daily balance of deposits placed by the Group with BAG Finance	12,500.0	12,500.0	12,500.0
Interest income from deposits placed by the Group with BAG Finance	<u>193.2</u>	<u>193.2</u>	<u>193.2</u>

Actual Transaction Amounts for the Year Ended 31 December 2017

As known to the Directors, the actual maximum daily balance of and interest income from deposits placed by the Group with BAG Finance for the year ended 31 December 2017 were as follows.

	Actual Transaction Amounts Year ended 31 December 2017
	<i>(RMB million)</i>
Maximum daily balance of deposits placed by the Group with BAG Finance	12,389.6
Interest income from deposits placed by the Group with BAG Finance	<u>134.8</u>

Revised Annual Caps for the Two Years Ending 31 December 2019

Based on the estimation of the maximum daily balance of and interest income from deposits placed by the Group with BAG Finance for the years of 2018 and 2019, the Board resolved on 22 March 2018 to revise the relevant 2018 and 2019 annual caps as follows:

	Revised Annual Caps	
	Year ending 31 December 2018 (RMB million)	Year ending 31 December 2019 (RMB million)
Maximum daily balance of deposits placed by the Group with BAG Finance	16,000.0	16,000.0
Interest income from deposits placed by the Group with BAG Finance	<u>292.8</u>	<u>292.8</u>

Basis of Determination of the Revised 2018 and 2019 Annual Caps

In determining the revised annual caps for the maximum daily balance of and interest income from deposits placed by the Group with BAG Finance under the Financial Services Framework Agreement mentioned above, the Company mainly considers the following factors:

- (i) Historical and expected sales income of the Group: part of the sales income received by the Group is usually represented by the Company's deposits in banks and BAG Finance. The increase in sales income will directly affect the Group's deposit balances in banks and BAG Finance. In 2017, the Group recorded an increase of 15.5% in sales income as compared with that in 2016, of which Beijing Benz continued to grow rapidly with total sales of 423,000 vehicles, representing a year-on-year increase of 33.3%. The revenue related to Beijing Benz increased from RMB85,312.0 million in 2016 to RMB116,772.9 million in 2017, representing a year-on-year increase of 36.9%. It is expected that the sales income of the Group will continue to increase in 2018 and 2019; and
- (ii) The total balance of deposits placed by the Group as at 31 December 2017 recorded an increase of 26.7% as compared with that as at 30 September 2016 which was taken as reference when the Financial Services Framework was signed.

Listing Rules Implications

As at the date of this announcement, BAIC Group, the sole controlling shareholder and connected person of the Company, holds 56% equity interests in BAG Finance, thus BAG Finance is an associate of BAIC Group. Therefore, BAG Finance is a connected person of the Company and the transactions contemplated between the Company and BAG Finance under the Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the 2018 and 2019 annual caps for the maximum daily balance of and interest income from deposits placed by the Group with BAG Finance under the Financial Services Framework Agreement exceeds 5%, the above-mentioned revision of the 2018 and 2019 annual caps shall be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Opinion of the Directors

The Directors (excluding the independent non-executive Directors, whose view on the revised 2018 and 2019 annual caps for the maximum daily balance of and interest income from deposits placed by the Group with BAG Finance under the Financial Services Framework Agreement will be set out in the letter from the Independent Board Committee contained in the circular to be despatched to the Shareholders after considering the advice from Gram Capital) are of the view that the revised 2018 and 2019 annual caps for the maximum daily balance of and interest income from deposits placed by the Group with BAG Finance under the Financial Services Framework Agreement is fair and reasonable, and is in the interests of the Company and its Shareholders as a whole.

The following Directors, being Mr. Xu Heyi, Mr. Zhang Xiyong and Mr. Zhang Jianyong, also hold office in BAIC Group. Therefore, they were deemed to have material interests in the above-mentioned continuing connected transactions contemplated between the Group and BAG Finance and thus have abstained from voting on the relevant resolution at the Board meeting. Save for the above persons, none of the other Directors has any interest in such transactions.

V. 2017 ANNUAL GENERAL MEETING

The Company will convene the 2017 annual general meeting for the purpose of, among other things, obtaining the Independent Shareholders' approval for the revision of the 2018 and 2019 annual caps for the maximum daily balance of and interest income from deposits placed by the Group with BAG Finance under the Financial Services Framework Agreement. BAIC Group and its associates will abstain from voting on the resolution in this regard at the 2017 annual general meeting.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders on the revision of the 2018 and 2019 annual caps for the maximum daily balance of and interest income from deposits placed by the Group with BAG Finance under the Financial Services Framework Agreement. Gram Capital will be 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, further details of the revision of the 2018 and 2019 annual caps for the maximum daily balance of and interest income from deposits placed by the Group with BAG Finance under the Financial Services Framework Agreement, a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders on the revision of the 2018 and 2019 annual caps for the maximum daily balance of and interest income from deposits placed by the Group with BAG Finance under the Financial Services Framework Agreement and a letter from the Independent Board Committee to the Independent Shareholders on the same and its recommendation on voting, together with the notice of the 2017 annual general meeting of the Company, will be despatched to the Shareholders in due course.

VI. GENERAL INFORMATION

Information on the Company

The Company is a company limited by shares incorporated in China. It is a leading manufacturer of passenger vehicles in China. It is engaged in the design, research and development, manufacture and sale of an extensive and diversified portfolio of passenger vehicle models, and the provision of related services in China. It offers a variety of passenger vehicle models, including mid- to large-size sedan, mid-size sedan, compact sedan, small-size sedan, SUV, MPV and CUV products to satisfy customer demands for different types of vehicles.

Information on Daimler AG

Daimler AG is a company established in Germany in 1886. Daimler AG is one of the largest producers of premium cars and commercial vehicles in terms of sales volume globally. Its principal businesses include producing premium automobiles, trucks, vans and buses, and providing tailored services for these products.

Information on Beijing Benz

Beijing Benz (previously known as Beijing Jeep Motor Co., Ltd. and Beijing Benz-Daimler Chrysler Automotive Co., Ltd.) is a company incorporated in the PRC on 1 July 1983, a non wholly-owned subsidiary of the Company with 51.0% equity interest owned by the Company, 49.0% directly or indirectly owned by Daimler AG. Its scope of business ranges from research and development, engines and complete vehicles production and sales and related services.

Information on BAIC Group

BAIC Group is a state-owned enterprise established on 30 June 1994 with a registered capital of approximately RMB19.956 billion. Its principal businesses include manufacturing, sale, import and export of vehicles and components, operation and management of state-owned assets, investment and investment management, technology development, service and consultancy, and real property development and sales.

Information on BAG Finance

BAG Finance is a non-banking financial institution incorporated in November 2011 in the PRC, which is subject to the Administrative Measures on Financial Companies of Group Enterprises (《企業集團財務公司管理辦法》) and other relevant regulations promulgated by the People's Bank of China and CBRC. The main scope of business of BAG Finance includes: providing financial and financing consultancy, credit certification and related consultancy and agency services; assisting with settlement; conducting approved insurance agency business; providing guarantees; processing entrusted loans; providing bill acceptance and discount; processing the settlement of internal transfers between accounts and formulating plans for relevant settlement and clearing; taking deposits; processing loans and finance leasing; conducting inter-borrowings; underwriting corporate bonds of its members; providing consumption loans for products of its members, loans to purchasers and finance leasing; and investing in fix income securities. The registered capital of BAG Finance is RMB2.5 billion for the time being, which is owned as to 56% by BAIC Group, as to 20% by BAIC Investment Co., Ltd. (北京汽車投資有限公司), as to 14% by Beiqi Foton Motor Co., Ltd. (北汽福田汽車股份有限公司) and as to 10% by Beijing Hainachuan Automotive Components Corporation Limited (北京海納川汽車部件股份有限公司).

VII. 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
“BAG Finance”	means BAIC Group Finance Co., Ltd. (北京汽車集團財務有限公司), a non-banking financial institution incorporated in the PRC, and a subsidiary of BAIC Group, the controlling shareholder of the Company
“BAIC Group”	means Beijing Automotive Group Co., Ltd. (北京汽車集團有限公司), a state-owned enterprise incorporated in the PRC, and the sole controlling shareholder of the Company
“Beijing Benz”	means Beijing Benz Automotive Co., Ltd. (北京奔馳汽車有限公司) (previously known as Beijing Jeep Motor Co., Ltd. and Beijing Benz-Daimler Chrysler Automotive Co., Ltd.), a company incorporated in the PRC on 1 July 1983, a non wholly-owned subsidiary of the Company with 51.0% equity interest owned by the Company, 49.0% directly or indirectly owned by Daimler AG
“Board”	means the board of directors of the Company
“CBRC”	means China Banking Regulatory Commission (中國銀行業監督管理委員會)
“Company”	means BAIC Motor Corporation Ltd. (北京汽車股份有限公司), a company limited by shares duly incorporated and validly existing under the laws of the PRC, whose H shares are listed on the Hong Kong Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Daimler AG”	means Daimler AG, a company established in Germany in 1886, which is a substantial shareholder (holding 10.08% interest in the Company) and a connected person of the Company
“Director(s)”	means the director(s) of the Company
“Financial Services Framework Agreement”	means the financial services framework agreement entered into between the Company and BAG Finance on 20 October 2016

“General Product Supply Series Agreements”	means a series of agreements entered into between the Company and Daimler AG in relation to purchase by the Company from Daimler AG the parts, components, materials and services used for manufacturing and production of vehicles, details of which please refer to the announcement of the Company dated 12 July 2017
“Group”	means the Company and its subsidiaries
“H Shares”	means overseas-listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and listed on the Hong Kong Stock Exchange
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	means an independent committee of the Board comprising all independent non-executive Directors, namely, Mr. Ge Songlin, Mr. Wong Lung Tak Patrick, Mr. Bao Robert Xiaochen, Mr. Zhao Fuquan and Mr. Liu Kaixiang, which was established to advise the Independent Shareholders in relation to the revision of the 2018 and 2019 annual caps for the maximum daily balance of and interest income from deposits placed by the Group with BAG Finance under the Financial Services Framework Agreement
“Gram Capital” or “Independent Financial Adviser”	means Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), who will be appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the revision of the 2018 and 2019 annual caps for the maximum daily balance of and interest income from deposits placed by the Group with BAG Finance under the Financial Services Framework Agreement
“Independent Shareholders”	means Shareholders (other than BAIC Group and its associates) who are not required to abstain from voting on the resolution to be proposed at the 2017 annual general meeting of the Company in relation to the revision of the 2018 and 2019 annual caps for the maximum daily balance of and interest income from deposits placed by the Group with BAG Finance under the Financial Services Framework Agreement

“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended from time to time
“PRC” or “China”	means The People’s Republic of China, for the purpose of this announcement only, excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“RMB”	means Renminbi, the lawful currency of the PRC
“Shareholder(s)”	means the shareholder(s) of the Company
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Trademark Licensing Agreement”	means the trademark licensing agreement entered into between Beijing Benz and BAIC Group on 28 February 2003
“%”	means percentage

By order of the Board
BAIC Motor Corporation Limited
Gu Xin
Secretary to the Board and Company Secretary

Beijing, the PRC, 22 March 2018

As at the date of this announcement, the Board comprises Mr. Xu Heyi, as Chairman of the Board and non-executive Director; Mr. Zhang Xiyong and Mr. Zhang Jianyong, as non-executive Directors; Mr. Chen Hongliang, as executive Director; Mr. Qiu Yinfu, Mr. Hubertus Troska, Mr. Bodo Uebber, Mr. Guo Xianpeng, Ms. Wang Jing and Mr. Zhu Baocheng, as non-executive Directors; and Mr. Ge Songlin, Mr. Wong Lung Tak Patrick, Mr. Bao Robert Xiaochen, Mr. Zhao Fuquan and Mr. Liu Kaixiang, as independent non-executive Directors.

* *For identification purpose only*