You should carefully consider all of the information in this prospectus including the risks and uncertainties described in the following risk factors when considering making an investment in the H Shares being offered in the Global Offering. You should pay particular attention to the fact that our business and operations are conducted substantially in the PRC and are governed by a legal and regulatory environment which in certain aspects differs from that prevailing in other countries. Our business could be materially and adversely affected by any of the risks and uncertainties described below. The trading price of the H Shares may decline due to any of the risks and uncertainties and you may lose all or part of your investment. For details regarding the PRC and other related matters discussed below, see "Regulatory Environment," "Appendix IV—Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions" and "Appendix V—Summary of the Articles of Association."

RISKS RELATING TO OUR BUSINESS

We may not be able to develop and introduce new passenger vehicles that gain general market acceptance.

The key to our future success is our ability to develop and introduce new vehicle models that appeal to evolving customer preferences and to continuously enhance the performance and reliability of our products. If our products are not well received by the market, or if we are unable to develop and manufacture competitive products in response to market demand, our future development and market position may be significantly undermined, and our financial condition and results of operations may be materially and adversely affected.

Anticipating and responding to technological changes is pivotal to our ability to develop new passenger vehicles. However, we cannot assure you that we will always be able to: (i) attract sufficient research and development talents; (ii) maintain cooperative relationships with leading universities and research institutions in the PRC and around the world; or (iii) successfully commercialize the technologies developed or acquired by us, such as the Saab technologies. As a result, we may not be able to develop new passenger vehicles in a cost-effective manner and on a timely basis, or at all.

Moreover, there is no assurance that any of our new passenger vehicles will gain general market acceptance when we commercially produce them, even if they may have gained recognition in terms of design or other aspects in the industry. The launch of a new vehicle model requires substantial capital investment and generally higher initial production and marketing costs. New vehicle models sometimes require an extended period of time to gain market acceptance. As of December 31, 2011, 2012, 2013 and June 30, 2014, we had capitalized development costs of RMB2,852 million, RMB3,786 million, RMB4,667 million and RMB5,116 million, respectively. We expect to continue to incur additional development costs in the future. If our new products cannot gain market acceptance, such capitalized development costs may result in impairment charges, which could have a significant impact on our results of operations. If market acceptance of any of our new passenger vehicles is lower, or requires more time, than we anticipated, we may not achieve the intended economic return on our investment and our results of operations and financial condition could be materially and adversely affected.

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.

Our two joint venture companies contributed substantially all of our net profit during the Track Record Period. We depend on our joint venture partners to fulfill their obligations under our joint venture agreements and to cooperate with us in pursuing the interests of our joint venture companies. Under the joint venture agreements governing our joint venture companies, the number of directors appointed by us and the relevant joint venture partner are proportionate to the respective equity interest held by each party in the relevant joint venture company. Important decisions, including those relating to production volume, the selection and introduction of new models and production capacity expansion, can only be made with over 50% consent, and in some cases unanimous consent, of the directors attending the board meeting. We cannot assure you that our proposed future strategies, policies or objectives will be adopted by the joint venture companies. Either of these joint venture partners may take action that is inconsistent with our strategies, objectives or requests, or not in the interest of the relevant joint venture company. Moreover, we may not be able to implement our policies or objectives with respect to these joint venture companies without the cooperation of our joint venture partners. For more details about the joint venture agreements, see "Appendix VI— Statutory and General Information—1. Further Information about Our Company—F. Sino-foreign joint ventures."

In the event that we fail to reach a consensus with our joint venture partners in the decision-making process of any joint venture company, such joint venture company's ability to respond quickly to changes in market or business conditions and its business and results of operations may suffer, which may in turn delay the implementation of our business plan or adversely affect our market position. We cannot assure you that we will always be able to reach a consensus with our joint venture partners in the future, which could have an adverse effect on our financial condition and results of operations.

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.

If either of our joint venture companies fails to maintain its competitiveness, encounters significant difficulties in operations or otherwise experiences a significant deterioration in its business or financial performance, our consolidated financial performance would be materially and adversely affected.

In addition, the success of our joint venture companies largely depends on the continuous commitment and support of our joint venture partners, which in turn may be affected by our ongoing relationship with the joint venture partners. These joint venture companies are highly dependent on our resources and those of our joint venture partners, including management expertise, technical resources and additional capital funding. If our joint venture companies are unable to access the technical resources of our joint venture partners or if our joint venture partners provide such resources to our competitors, the ability of our joint venture companies to upgrade existing models and launch new models may be adversely affected. If our joint venture partners fail, or are unwilling, to provide additional capital in the future for any reason, our joint venture companies' ability to expand its operations may be undermined. Furthermore, our joint venture partners may choose not to renew the joint venture agreements underlying the joint venture companies when they expire, if our relationship with them deteriorates or for other reasons. If any of these events occurs, the businesses, results of operations and financial condition of our joint venture companies could be materially and adversely affected or the joint venture companies may be dissolved, which in turn could materially and adversely affect our consolidated financial condition and results of operations.

We cannot assure you that our proprietary brand will succeed and become profitable.

We launched our Senova, BJ and Wevan product series during the Track Record Period under our proprietary brand. The development of a new product series is highly dependent on a number of factors, including, without limitation, our marketing strategies, customer acceptance, quality control and dealership network, which we believe will require our consistent monitoring and adjustments to accommodate changing preferences of our customers. The results of our efforts to develop Beijing Motor are likely to be realized only in the long term.

Our Beijing Motor business segment, excluding BAIC Limited, recorded gross and operating losses and negative operating cash flows during the Track Record Period and may continue to do so after the Global Offering, which will adversely affect our financial condition and results of operations. See “Financial Information” for further information on Beijing Motor’s financial performance during the Track Record Period. As a result, we will have to continue to rely on the performance of Beijing Benz and our other joint venture companies to the extent that our Beijing Motor segment continues to experience losses and negative operating cash flows. Also see “—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” and “—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.”

If our Beijing Motor proprietary brand fails to capture sufficient market share and achieve the sales volumes we expected, we may be unable to achieve economies of scale in production and recover our capital, development, production and marketing costs. As a result, our financial condition, results of operations and business prospects could be materially and adversely affected.

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.

We market and distribute substantially all of our passenger vehicles through the dealership networks for Beijing Motor, Beijing Benz and Beijing Hyundai.

We cannot assure you that all of the dealership outlets will comply with our services level and other specifications and the contractual obligations imposed on them. In addition, we cannot assure you that we will be able to effectively manage our rapidly growing dealership network. Sales of our passenger vehicles may be affected if any of these dealership outlets fails to meet the requirements we impose on them or provide quality services to our customers, or if we fail to manage the dealership outlets effectively. If we are unable to build or maintain well-developed, well-managed dealership networks, our market position, financial condition and results of operations may 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.

Our success in selling automobiles relies on our ability to cultivate and further maintain our brand image, including our proprietary brand and the brands owned by our joint venture partners. The success of our brand and corporate image depends in part on a number of factors that are beyond our control, such as different customer demands and changing market trends. In addition, our joint venture partners' businesses involve extensive production and sales on a global basis and are therefore exposed to a wide range of product liability and other claims or disputes on a global basis over which we may not have control. Any major claim or dispute against any of our brands or those of our joint venture partners or any significant adverse change to the operations or financial condition of our Group or our joint venture partners may damage our brand and corporate image, which in turn could adversely affect the market acceptance, sales and profitability of our passenger vehicles. If our joint venture partners fail to protect their brands or corporate image or if we are unable to protect our own brand image, our market position, financial condition and results of operations may be adversely affected.

Our future success depends, in part, on our ability to expand our production capacity, which is subject to risks and uncertainties.

Expansion of production capacity is crucial to our business operation, including establishing new manufacturing bases and acquiring manufacturing facilities from third parties to meet increasing market demands. For details of our expansion plan, see "Business—Manufacturing Facilities and Process—Manufacturing Facilities and Production Capacity—Expansion plan."

We plan our future production capacity based on our expectations regarding a number of inherently uncertain factors, including anticipated demand for our passenger vehicles and general market conditions. Our production capacity may not match the market demand. If the demand for any of our passenger vehicles is lower than anticipated due to unforeseen changes to consumer preferences or otherwise, our sales and profitability would suffer, we would not achieve satisfactory or sustainable returns from our investments in the expansion of production capacity and development of new passenger vehicles and we would likely incur higher production costs, all of which may have a material adverse effect on our market position, financial condition and results of operations. Conversely, our expansion of production capacity may fail to meet the increasing demand for our passenger vehicles, in which case, our market share may be eroded.

In addition, our ability and efforts to expand our capacity and upgrade our manufacturing facilities are subject to certain risks and uncertainties, such as our ability to raise capital through equity or debt at reasonable cost, manage delays and cost overruns and obtain the required permits, licenses and approvals from relevant government authorities. For example, any change to the business scope of any existing Sino-foreign joint ventures must be approved by the relevant PRC government authorities. We cannot assure you that we will be able to obtain all relevant permits, licenses and approvals for our future projects or our future plans for expanding our production capacity on a timely basis or at all. Expansion of our capacity may also be disrupted by catastrophe or other unexpected events.

Furthermore, system upgrades at our manufacturing facilities that impact ordering, production scheduling and other related manufacturing processes are complex, and could impact or delay production targets. Any of these could materially and adversely affect our business, financial condition and results of operations.

We may face uncertainties associated with our growth strategy.

Our growth strategy includes organic growth and potential acquisitions. There are uncertainties and risks associated with our growth strategy, including whether we will be able to:

- obtain sufficient funding for our expansion and the enlarged operation;

- obtain necessary permits, licenses and approvals from relevant PRC government authorities on a timely basis;
- recruit, train and retain sufficient qualified personnel;
- identify attractive acquisition targets;
- negotiate acquisitions on favorable terms; and
- integrate the acquired assets or business successfully.

In addition, there are inherent risks with acquisitions and business expansions, and there can be no assurance that we will be able to achieve the strategic purpose of any organic growth or acquisition. For details, see "—We may be unable to consummate or successfully integrate acquisitions and strategic alliances."

We may be unable to consummate or successfully integrate acquisitions and strategic alliances.

We may from time to time pursue acquisitions and strategic alliances that we believe will complement our current business by expanding into new geographic areas, diversifying our customer base and enabling us to specialize in, expand or enhance technological capabilities. We cannot assure you that we will be able to find suitable acquisition targets or partners with whom to form strategic alliances, and failure to do so in a timely manner or at all may affect our ability to realize our growth objectives. In addition, there are risks and uncertainties related to these activities, including the difficulty of integrating acquired operations, technology (such as the Saab technologies acquired by us) and products, diversion of our management's attention from other business concerns, potential unknown liabilities associated with an acquired company, undisclosed risks affecting an acquired company and potential adverse effects on existing business relationships with current customers and suppliers. In addition, any acquisitions could involve the incurrence of substantial additional indebtedness or dilution of the equity interests of our shareholders. We cannot assure you that we will be able to successfully integrate any acquisitions that we undertake or that such acquisitions will perform as planned or prove to be beneficial to our operations and cash flow. Each of these factors could have a material adverse effect on our business, results of operations and financial condition.

Our results of operations during the Track Record Period may not be indicative of our future performance due to our acquisitions and disposals.

Since our inception in September 2010, we have conducted a series of major acquisitions and disposals. See "History, Reorganization and Corporate Structure—Major Acquisitions and Disposals."

Our continuing operations were entirely composed of Beijing Motor in 2011 and 2012, and consisted of both Beijing Motor and Beijing Benz following our acquisition of a 50% equity interest in Beijing Benz on January 4, 2013 and an additional 1% equity interest in Beijing Benz on November 18, 2013. During the Joint Venture Period, Beijing Benz was accounted for under the equity method and as an investment in a joint venture in our consolidated financial statements in accordance with IFRSs. We have owned a 51% equity interest in Beijing Benz since November 18, 2013; accordingly, during the Subsidiary Period, the financial results of Beijing Benz were consolidated into ours based on the fair value of Beijing Benz by applying the acquisition accounting method in accordance with IFRSs. Because our Group's historical financial information were entirely composed of Beijing Motor in 2011 and 2012 and differing methods of accounting for our interest in Beijing

Benz were used in 2013 as discussed above, our Group's historical financial information during the Track Record Period may not necessarily be reflective of our future results of operations or financial position. In addition, investors are also cautioned not to combine the financial information of Beijing Benz and Beijing Motor in 2011 and 2012 as such a combination would not necessarily reflect the actual combined or consolidated financial information of Beijing Motor and Beijing Benz for those years. For further information regarding the acquisition of Beijing Benz, see "Financial Information—Description of Selected Income Statement Line Items—Business Segments" and "Financial Information—Financial Information of Beijing Benz—Description of Selected Income Statement Line Items."

In 2011 and 2012, we produced commercial vehicles through BAIC Limited and engaged in logistics and auction businesses through Zhongdu Logistics and Beiqi Penglong, respectively. As part of our growth strategy, we have discontinued certain operations in order to enhance our focus on our core business. Consequently, in March 2012, we disposed of our entire 51% interest in Zhongdu Logistics and 100% equity interest in Beiqi Penglong; and in November 2012, we disposed of our entire 51% equity interest in BAIC Limited, which had been incurring losses during the Track Record Period. As such, our Group's consolidated financial statements since the date of disposition of these businesses has not, and going forward will not, include these businesses that are considered as "discontinued operations." The net loss from our discontinued operations were separately recorded in our consolidated statements of comprehensive income during the Track Record Period under the line item "Loss for the year from discontinued operations." In 2011 and 2012, the "Loss for the year from discontinued operations" amounted to RMB196.2 million and RMB80.7 million, respectively, which included revenue from the related discontinued operations of RMB1,398.2 million and RMB751.5 million, respectively, in 2011 and 2012. For further information regarding our discontinued operations, see "Financial Information—Description of Selected Income Statement Line Items—Discontinued Operations."

As a result, we cannot assure you that our financial performance during the Track Record Period will be indicative of our results of operations in the future, and you should not rely on our results of operations during any period in the past to measure our future financial or operational performance.

We may not be able to protect our intellectual property rights.

Our commercial success depends in part on our ability to obtain and maintain trade secrets, patents and other intellectual property rights for our products, technologies, designs and know-how as well as our ability to successfully protect our intellectual properties and to defend ourselves against third-party challenges. If we fail to protect our intellectual property rights, we may lose our competitiveness, or be required to incur additional development or production costs to maintain our competitiveness. See "Business—Intellectual Property Rights."

We rely on trade secret protection and confidentiality and non-competition agreements to safeguard proprietary know-how that is not patentable or for which patents are difficult to enforce, and we cannot assure you that we will be able to enter into new trade secret protection and confidentiality and non-competition agreements where necessary or desirable or renew the existing ones upon their expiration. For example, we have entered into confidentiality agreements with our management members and employees relating to our confidential proprietary information. Departure of any of our management members or employees in possession of our confidential proprietary information, or breach by any management member or employee of his or her confidentiality and non-disclosure undertaking to us, could compromise the protection of our intellectual property.

In addition, the protection of our intellectual property rights in the PRC may not be as effective or certain as in more developed countries. Although the PRC has established laws and regulations to protect intellectual property rights, the enforcement of such laws and regulations may still be insufficient to render adequate protection to our intellectual property rights. Our business may be adversely affected if we are unable to effectively protect our patents from unauthorized use by third parties. In addition, if third parties unlawfully pass off their products as our products, we may face difficulties and costly litigation in enforcing our intellectual property rights. Moreover, we cannot assure you that any patent or registered trademark owned by, or licensed to, us will be enforceable or will not be invalidated, circumvented or otherwise challenged in the PRC or foreign countries or that the rights granted will provide competitive advantages to us or that any of our pending or future patent applications will be issued with the scope of the claims sought by us, if at all.

Furthermore, we have historically obtained, and may continue to obtain, technologies and other intellectual properties from third parties through acquisition or licensing arrangements. We may not be familiar with the laws and regulations with respect to intellectual properties of foreign jurisdictions, and we cannot assure that there will not be any dispute between our Group and a foreign vendor of technologies, which may have a material and adverse effect on our business prospects, results of operations and financial condition. If we cannot use any of such technologies or intellectual properties as we expect, there could be a material adverse effect on our ability to keep up with technological developments. In addition, if we fail to maintain or renew any significant technology or other intellectual property licensing arrangements for any reason, our business, results of operations and financial condition will be materially and adversely affected.

In the course of our business, we may receive claims of infringement or otherwise become aware of potentially relevant patents or other intellectual property rights held by other parties. If any claims are brought against us for such infringement, irrespective of whether they have merit, we could be required to expend significant resources in defending against such claims. Any litigation regarding patents or other intellectual property could be costly and time consuming and could divert the attention of our management and key personnel from our business operations. If there is a successful claim of intellectual property infringement against us, we might be required to pay substantial damages to the party claiming infringement, refrain from further sale of our products, develop non-infringing technology or enter into costly royalty or license agreements on an ongoing basis. Parties asserting infringement claims may also be able to obtain an injunction against us, our dealers or our end-user customers regarding the products or services we offer that contain the allegedly infringing intellectual property.

Any of these events or occurrences may materially and adversely affect our business, financial condition and results of operations.

We may not be able to obtain adequate financing on commercially reasonable terms on a timely basis, or at all, and any debt financing may contain covenants that restrict our business or operations.

We require significant working capital for our operations and capital expenditures for our expansion. We expect our total indebtedness will continue to increase as a result of our business expansion. See “Financial Information—Liquidity and Capital Resources.” Historically, we have generally relied on capital contributions from shareholders, dividends from our joint ventures, bank loans and other external financing as well as cash generated from our operations to fund our operations and expansion. Our ability to obtain adequate external financing depends on a number of factors, including our financial performance and results of operations, as well as other factors beyond our control, including the global and PRC economies, interest rates, the applicable laws, regulations, rules and conditions of the PRC automobile market and the geographical regions where we operate. There can be no assurance that the cash flow generated by our operations will be sufficient to fund our future operations and expansion plans, nor can we assure you that we will be able to obtain bank loans and other external financing on commercially reasonable terms or on a timely basis or at all. If we are unable to obtain financing in a timely manner, at a reasonable cost, on commercially reasonable terms, or at all, our business and operations may suffer and the implementation of our expansion plans may be delayed.

In addition, our current bank borrowings contain certain financial covenants which may restrict our operations. See “Financial Information—Liquidity and Capital Resources—Indebtedness.” Future borrowings may also include restrictive covenants. Failure by us to meet payment obligations or to comply with any affirmative covenants, or violation on our part of any negative covenants, may constitute an event of default on our borrowings. If any event of default occurs, our financial condition, results of operations and cash flow may be materially and adversely affected.

Furthermore, if we require additional funding as a result of our future acquisitions or expansions, market changes or other developments, we may issue additional equity securities or securities convertible into our equity securities, issue debt securities or obtain credit facilities to meet our capital requirements. Any future sale by us of our equity securities or securities convertible into our equity securities would dilute our Shareholders’ interests. The incurrence of additional debt would also result in increased debt servicing obligations and may also result in restrictive covenants limiting our shareholding structure, business and/or operations.

We have had, and may continue to have, negative operating cash flows.

We had negative operating cash flow of RMB1,017.3 million, RMB623.5 million, RMB2,402.5 million and RMB1,401.0 million, respectively, in 2011, 2012, 2013 and the six months ended June 30, 2014. See “Financial Information—Cash Flow—Cash Flow Generated from/(used in) Operating Activities.” We may continue to experience negative operating cash flows in the future. If we continue to have negative operating cash flows in the future, our working capital may be constrained, which may materially and adversely affect our business, financial condition, results of operations and prospects.

We had net current liabilities as of December 31, 2011 and 2013 and June 30, 2014.

As of December 31, 2011, December 31, 2013 and June 30, 2014, we had net current liabilities of RMB3,215.5 million, RMB3,375.8 million and RMB6,241.9 million, respectively. See “Financial Information—Net Current Assets and Liabilities.” We may have net current liabilities in the future. Having significant net current liabilities could constrain our operational flexibility as well as adversely affect our ability to expand our business. If we do not generate sufficient cash flow from our operations to meet our present and future financial needs, we may need to rely on additional external sources, such as bank and other borrowings or equity capital contributions, for funding. If adequate funds are not available, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans, and our business, financial condition and results of operations may be materially and adversely affected.

Our business is subject to risks associated with volatility in the prices of raw materials, parts and components required for the manufacture of our products.

We rely on various types of raw materials, parts and components for the manufacture of our products. Our raw materials primarily include steel and our key components include engines, transmission and powertrain system components. Our procurement costs (exclusive of the procurement costs of vehicles from Yinxiang Motor in 2013 and the six months ended June 30, 2014) represented approximately 88.1%, 95.1%, 87.2% and 89.5%, respectively, of our cost of sales in 2011, 2012, 2013 and the six months ended June 30, 2014.

Our future costs of raw materials, parts and components may be affected by many factors, such as market demand, changes in suppliers' manufacturing capacity, availability of substitute materials, interruptions in production by suppliers or supply chain, general economic conditions and natural disasters, all of which are out of our control. Due to differences in timing between our purchases from suppliers and sales by our distributors to our end-user customers, there is often a lead-lag effect that can negatively impact our margins in the short term in the event of rising prices of raw materials, parts and components. If we fail to effectively control the cost of our raw materials, parts and components or fail to pass the increased cost to our distributors and the end-user customers, our business, financial condition and results of operations could be materially and adversely affected.

We rely on a limited number of suppliers to supply a large portion of raw materials, parts and components.

In 2011, 2012, 2013 and the six months ended June 30, 2014, purchases from our five largest suppliers accounted for 17.5%, 22.8%, 38.0% and 48.6% of our total purchases (raw materials used in cost of sales), respectively, and purchases from our largest supplier during the same periods accounted for 5.4%, 9.2%, 12.7% and 28.3%, respectively, of our total purchases (raw materials used in cost of sales). If any of our largest suppliers decides to terminate, not to renew, or to limit or reduce its supply to us, we may not be able to find alternative suppliers for similar purchases on similar conditions in a timely manner, or at all, which may disrupt or reduce our production and our results of operations, financial condition and growth prospects may suffer as a result.

If we fail to obtain sufficient amounts of raw materials, parts or components that meet our quality standards and/or at commercially acceptable prices, our business, financial condition and results of operations would be materially and adversely affected.

We use a wide variety of raw materials, parts and components in our manufacturing activities. See "—Our business is subject to risks associated with volatility in the prices of raw materials, parts and components required for the manufacture of our products." We cannot assure you that we will not experience any shortage in the supply of these raw materials, parts and components in the future. If any of our suppliers is unwilling or unable to provide us with high-quality raw materials, parts or components in required quantities and/or at commercially acceptable prices, we may be unable to find alternative sources at commercially acceptable prices, on satisfactory terms in a timely manner, or at all. If any shortage occurs, it would materially and adversely affect our production, business and results of operations.

Any failure to implement and maintain effective quality control systems at our manufacturing facilities could subject us to product liability and warranty claims, which in turn may have a material adverse effect on our business and results of operations.

The manufacture and sales of our products subject us to potential product liability claims if we fail to manage our quality control effectively, and our products fail to perform as expected, or are proven to be defective, or if they cause, result in, or are alleged to have caused or resulted in, personal injuries, or asset damages. Any product liability claim, with or without merit, could prove costly and time-consuming to defend and could potentially harm our reputation and image. Successful product liability claims may require us to pay substantial damages. Furthermore, certain product liability claims may be the result of defects from parts and components purchased from third party suppliers. Such third party suppliers may not be able to indemnify us for the losses resulting from such defects and product liability claims in full or at all. In addition, a material design, manufacturing or quality-related failure or defect in our products or other safety issues could each warrant a product recall by us and result in increased product liability claims and/or regulatory actions. If we are found to be in material violation of relevant laws and regulations, our business license to manufacture or sell relevant products could be suspended or revoked, and we and our Directors could be subject to civil and criminal liabilities.

As of the Latest Practicable Date, we had not received any material product liability or warranty claims from our end-user customers or any other third parties and had not initiated any product recall that had a material effect on our business. Our product warranty provisions as of December 31, 2011, 2012, 2013 and as of June 30, 2014 were RMB8.3 million, RMB52.5 million, RMB1,028.7 million and RMB1,161.7 million, respectively. However, our product warranty provisions may not be adequate if any product liability or warranty claims are made and we are held liable.

If we fail to maintain an appropriate inventory level, we could incur more inventory carrying costs or lose sales, either of which could materially and adversely affect our business, financial condition and results of operations.

It is difficult for us to estimate the market demands for our passenger vehicles, and to manage our inventories accordingly. While we must maintain sufficient inventory, especially finished products, to operate our business successfully and meet market demand, we strive to avoid excess inventory, because it increases our inventory carrying cost. Changing demands of end-user customers, inaccurate demand forecasts and the time lag between when the inventory of raw materials is ordered from our suppliers and when our finished products are sold could expose us to inventory risks. We carry a wide variety of inventories and must maintain a reasonable inventory level of the passenger vehicles we sell. If we do not have a sufficient inventory of a model to fulfill orders, we may lose orders. On the other hand, if we have an excessive level of inventory, we may incur additional inventory carrying cost. We cannot assure you that we can manage our inventories effectively, and any failure could materially and adversely affect our business, financial condition and results of operations.

Any automobile recall could have a material and adverse impact on our results of operations, financial condition and growth prospects.

Beijing Benz and Beijing Hyundai had conducted voluntary recalls of their automobiles during the Track Record Period. See "Business—Quality Control—Recall" and "Business—Beijing Hyundai—Recall." Recalls could involve significant expenses and time of our management, which could materially and adversely affect our business prospects, results of operations and financial condition. Although our respective automobile parts and components suppliers are responsible for all expenses for recalls related to defects of automobile parts and components that they supply to us, we cannot assure you that our suppliers will always be able to cover these expenses or sufficiently compensate us for any expenses incurred by us, if at all. As a result, we may have to bear all or a portion of the losses and expenses relating to any automobile recall to the extent that such losses and expenses are not covered by our suppliers. In addition, automobile recalls may have a material adverse effect on customers' confidence in the quality and safety of the affected automobile brands and our reputation and image, which could in turn reduce demand for our passenger vehicles. Any future automobile recall by us could have a material and adverse impact on our sales and, in turn, our results of operations, financial condition and prospects.

Our business is subject to the ability of our dealers and end-user customers to obtain financing to purchase our passenger vehicles.

Our dealerships and many end-user customers rely on external financing, such as bank loans, to purchase our passenger vehicles. Any difficulty of dealerships or our end-user customers in obtaining financing at affordable cost will negatively affect the affordability of our passenger vehicles. To the extent that financing is not available at commercially acceptable terms to our dealerships and end-user customers, our sales could be negatively affected.

Any loss of, or significant reduction in, the preferential tax treatment and government grants we currently enjoy in China may adversely affect our financial condition.

We and some of our subsidiaries are entitled to preferential tax treatment as high and new technology enterprises, allowing us to have a lower tax rate that would not otherwise be available to us. Our effective income tax rate in 2011, 2012, 2013 and the six months ended June 30, 2014 was 0.8%, 6.0%, 3.6% and 12.0%, respectively. We plan to apply for the extension of such preferential tax treatment before expiration. See "Financial Information—Description of Selected Income Statement Line Items—Continuing Operations—Income Tax Expenses." However, there cannot be any assurance that we will be granted such extension, and, if we are not, it would result in an increase of our effective income tax rate. To the extent that there are any changes in, or withdrawals of, any preferential tax treatment applicable to us, or increases in the tax rate, our tax liability would increase correspondingly.

In addition, the PRC government from time to time adjusts or changes its policies on value-added tax, business tax and other taxes. Such adjustments or changes, together with any uncertainties resulting therefrom, could have an adverse effect on our results of operations.

We received government grants in the amount of RMB23.1 million, RMB715.0 million, RMB213.9 million and RMB49.2 million in 2011, 2012, 2013 and the six months ended June 30, 2014, respectively. Our government grant in 2012 mainly included an unconditional grant of RMB613.0 million from the Beijing government to encourage us to establish a dealership network and enhance the image of our proprietary brand. The amounts of and conditions (or the lack thereof) attached to such grants were determined at the sole discretion of the relevant government authorities. We cannot assure you that we will be eligible to continue to receive such government grants or that the amount of any such grants will not be reduced in the future, and even if we continue to be eligible to receive such grants, we cannot assure you that the grants will be unconditional or that any conditions attached to the grants will be as favorable to us as they have been historically.

We may be adversely affected if our competitors consolidate or enter into strategic alliances.

Our industry is capital intensive and requires substantial investments in manufacturing, machinery, research and development, product design, engineering, technology and marketing in order to meet both consumer demands and regulatory requirements. Large companies are able to benefit from economies of scale by leveraging their investments and activities on a global basis across brands. If our competitors consolidate or enter into strategic alliances, they may be able to benefit more from larger economies of scale. In addition, our competitors could use consolidation or alliances as a means of enhancing their competitiveness or liquidity position. Any such consolidation or strategic alliance by our competitors could materially and adversely affect our business and prospects.

Any negative impact on the transportation of our products and raw materials could adversely affect our business and operational condition.

We depend on a combination of sea and land transportation to obtain our raw materials and deliver products to our customers. If we cannot secure sea and land transportation necessary for the delivery of raw materials to us and our products to our customers, or if we are unable to secure economically-feasible alternative methods to transport our products and raw materials during disruptions of transportation systems which are beyond our control, our results of operations may be adversely affected. Any disruption of raw material supply may interrupt our production and could have a negative effect on the competitiveness of our products and our financial condition.

Our labor costs may increase for reasons such as the implementation of more stringent requirements regarding fixed-term employment, the minimum wage and paid annual leave.

In 2011, 2012, 2013 and the six months ended June 30, 2014, our labor costs in cost of sales were RMB68.2 million, RMB153.2 million, RMB520.4 million and RMB706.0 million, respectively, accounting for 3.6%, 4.2%, 4.2% and 3.3% of our cost of sales for the same periods.

There have been instances of shortages in the labor supply in industries, including manufacturing, in the PRC. In the event of future labor shortages, we may have difficulties recruiting or retaining labor for our production facilities or may face increasing labor costs. In such event, our business and results of operations may be adversely affected. If there is a shortage of labor, or for any reason labor costs in the PRC rise significantly, our expenses are likely to increase, which could materially and adversely affect our business, financial condition and results of operations.

In addition, labor costs in the PRC are generally expected to increase. As a result of the PRC Labor Contract Law (中華人民共和國勞動合同法) which became effective on January 1, 2008, the requirements on employers in relation to entry into fixed and non-fixed term employment contracts, and dismissal of employees and the minimum wage requirement became more stringent. In addition, the National Leisure and Tourism Outline 2013-2020 (國民旅遊休閒綱要2013-2020) (the "Tourism Outline") which became effective on February 2, 2013 sets a more detailed timetable regarding the mandatory annual leave requirement introduced by the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on January 1, 2008, and according to the Tourism Outline, all workers in the PRC must be provided with paid annual leave by 2020.

Our manufacturing and other operational activities may be adversely affected if there are failures in, or inefficient management of, our information technology system.

Our information technology system forms a key part of our production, sales and marketing process and any disruptions to it will likely have a negative impact on our operations. We cannot assure you that we will not incur any damage or interruption caused by power outages, computer viruses, hardware and software failures, telecommunications failures, fires and other similar events to the information technology system in the future. If serious damage or significant interruption occurs, our operations may be disrupted and our financial condition and results of operations may be adversely affected. Furthermore, if our operations are disrupted by the introduction of a new information technology system, including migration from an existing system, our financial condition and results of operations may be similarly adversely affected.

If we fail to attract and retain senior management and key technical experts, our production and other operational activities may be adversely affected.

We rely on experienced and talented senior managers and highly skilled technical personnel to operate our businesses and to develop our new passenger vehicles. We expect increased competition for senior managers and skilled technical personnel from other automobile companies in the future, driven partly by strong growth in the PRC automobile industry. We cannot assure you that we or our joint venture companies will be able to recruit suitable candidates or retain existing senior managers and technical personnel. High turnover of senior management could adversely affect our existing customer relationships, our operations and our development as well as hinder our future recruiting efforts. In addition, we must successfully integrate any new management personnel in order to achieve our operating objectives. Changes in key management positions may temporarily affect our operations as new management will need time and further effort to become familiar with our business and our operations. We expect to increase our effort to recruit more industry and technical experts to fulfill our future business plans. If we or our joint venture companies are unable to recruit and retain experienced senior management and key technical experts in the future, our business operations will be adversely affected.

Non-compliance with environmental regulations in China may result in significant monetary damages, fines and other liabilities as well as negative publicity and damage to our brand name and reputation.

Our manufacturing processes generate noise, waste water, and gaseous and other industrial wastes and we are subject to national and local environmental regulations applicable to us in China. In addition, we are required to comply with the relevant emission standards applicable to our passenger vehicles. In the event of our non-compliance with present or future environmental regulations, we may be subject to governmental inspections or penalties, civil liabilities or business interruptions, and our management might be subject to relevant liabilities as well. We may also be subject to adverse publicity and damage to our brand name and reputation. In addition, if more stringent regulations are adopted in the future, the costs of compliance with these new regulations could be substantial.

We may be subject to fines, penalties or other actions resulting from future examination by PRC regulatory authorities.

We are subject to a wide range of inspections by PRC regulatory authorities from time to time. Accordingly, we may incur fines, penalties or other actions as a result of examination by PRC regulatory authorities that could adversely affect our reputation, business, financial condition and results of operations. During the Track Record Period, we did not incur any fines or penalties as a result of examination by PRC regulatory authorities which had a material adverse effect on our results of operations and financial condition. However, we cannot assure you that we will not incur any material fines or penalty or be subject to other disciplinary or similar actions in the future.

We have limited insurance coverage.

The development of the PRC insurance industry remains immature. As such, insurance companies in China offer a limited number of commercial insurance products. For the commercial insurance that we maintain, see "Business—Insurance." Any uninsured loss or damage to property, litigation or business disruption may result in us incurring substantial costs or diverting our resources, which could have an adverse effect on our results of operations. If we incur substantial liabilities that are not covered by our insurance policies, or if our business operations are interrupted for a significant period of time, we could incur costs and losses that could materially and adversely affect our financial condition and results of operations.

There are defects in our titles of, or rights to use, certain properties.

As of June 30, 2014, we owned the land use rights of 24 parcels of land in the PRC with an aggregate site area of approximately 6,576,974 square meters, and 86 properties with an aggregate gross floor area of 970,238 square meters. As of June 30, 2014, we leased nine properties in Beijing with an aggregate gross floor area of approximately 157,526 square meters.

As of June 30, 2014, we were in the process of obtaining the land use right certificate of a parcel of land with an aggregate site area of approximately 6,153 square meters, and we were in the process of obtaining the building ownership certificates of 72 properties with an aggregate gross floor area of 215,148 square meters. As of June 30, 2014, the landlords of four of our leased properties with an aggregate gross floor area of approximately 48,809 square meters did not possess the relevant building ownership certificates. Revenue generated from Beijing Beinei Engine Parts and Components Co., Ltd., which uses one of the leased properties, contributed to 12.8%, 7.9%, 3.0% and 0.8% of our total revenue in 2011, 2012, 2013 and the six months ended June 30, 2014, respectively. See "Business—Properties" in this prospectus for further details.

Any dispute or claim in relation to the title to the properties we occupy, including any litigation involving allegations of illegal or unauthorized use of these properties, may result in us having to relocate our operations and may materially and adversely affect our operations, financial condition, reputation and future growth. In addition, there can be no assurance that the PRC government will not amend or revise existing property laws, regulations or rules to require additional approvals, licenses or permits, or to impose stricter requirements on us to obtain or maintain relevant title certificates for the properties that we occupy.

Defaults by counterparties that we do business with could adversely affect our financial position and results of operations.

We do business and enter into a wide variety of contracts with different counterparties, including our raw material and automobile parts suppliers and our dealers. We may lose revenue and profits and incur additional operating expenses if our counterparties default. During the Track Record Period, we have not experienced any default by counterparties which had any material adverse effect on our operations and financial condition. However, we cannot assure you that all our counterparties are reputable and creditworthy and will not default against us in the future. There is limited financial or public information on our counterparties and, as such, we are exposed to counterparty risks to the extent that our counterparties fail to fulfill their obligations under the contracts.

Our Controlling Shareholder can exert significant influence on our Company and could cause our Company to act in a way that may not be in the best interests of our Company's minority shareholders.

Our Controlling Shareholder will be able to exercise approximately 45.61% of the voting rights of our Company immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised). Subject to our Articles of Association and applicable laws and regulations, our Controlling Shareholder could control or influence our Company's major policy decisions, including, but not limited to, those relating to our overall strategy and investment, such as:

- the selection of senior management members;
- the material business decisions of our Group;
- the approval or rejection of our dividend distribution plans; and
- the approval or rejection of our annual budget and operation plans.

To the extent that our Controlling Shareholder has interests that conflict with our other shareholders, it may take actions in its capacity as the Controlling Shareholder that may not be in the best interests of our minority Shareholders.

Our Controlling Shareholder has certain product lines in competition with us.

BAIC Group, our Controlling Shareholder, manufactures or plans to manufacture various types of vehicles through a number of its subsidiaries and associated companies, including Foton, Yunnan Motor, Off-road Vehicle Branch, BAIC Limited, New Energy, Zhenjiang Motor, Yinxiang Motor and Changhe Motor. See "Relationship with BAIC Group" for details on our relationship with our Controlling Shareholder, including, among others, our business delineation and independence from our Controlling Shareholder.

Specifically, BAIC Group manufactures off-road vehicles which overlap, to a limited extent, with SUVs produced by us, in terms of functions and technical specifications and may compete with us for the same group of potential customers. This competition may give rise to conflict of interests between us and our Controlling Shareholder, making its interest less aligned with ours or our other shareholders. Also see "—Our Controlling Shareholder can exert significant influence on our Company and could cause our Company to act in a way that may not be in the best interests of our Company's minority shareholders."

RISKS RELATING TO THE PRC AUTOMOBILE INDUSTRY

The global economy is facing risks from the prolonged effects of the global financial crisis, which may adversely affect the PRC economy and our business and results of operations.

Our business is inherently subject to general macroeconomic conditions and policies and market fluctuations. It is expected that China's economy may grow slower in 2014 as compared to previous years. Unfavorable financial or economic environments, including continued global financial uncertainties, geo-political risks, and the Euro zone sovereign debt crisis, have added and may continue to add downward pressure on China's economic growth. We derive substantially all of our revenues from the PRC. Any slowdown in the PRC economy may adversely affect demand for our automobiles and could result in:

- a significant reduction in customer demand for our automobiles, which would reduce our revenues and profit margins;

- a significant reduction in the availability of automobile financing, which would also reduce customer demand for automobiles;
- increased price competition for automobile sales;
- risk of excess and/or obsolete inventory;
- difficulty in accurately forecasting the demand for automobiles; and
- insolvency or credit difficulties of the automobile parts suppliers, which could disrupt the supply of automobile parts or increase our inventory costs.

Any of the foregoing developments could have a material adverse effect on our business, results of operations, financial condition and business expansion.

There have been intensified anti-trust law enforcement activities in China's automobile industry, and should we be subject to such enforcement actions, our reputation may be damaged and results of operations may be materially and adversely affected.

China's Anti-Monopoly Law (the "AML") went into effect in 2008. Of the three government agencies mandated with the enforcement of the AML, the NDRC is in charge of monopolistic agreements (particularly price-fixing), the SAIC is in charge of abuse of dominance, and the MOFCOM is in charge of merger reviews. For more details of the AML, see "Regulatory Environment—Regulatory Framework—II. Major Regulatory Laws and Regulations regarding the PRC Automotive Industry—Major Anti-Monopoly Regulations."

The PRC government has intensified the enforcement of the AML in recent years, which has affected a diverse range of sectors, such as pharmaceutical, premium liquor, infant formula, information technology and telecommunication. Certain high-profile investigations have targeted foreign multinational companies and PRC domestic companies, and have resulted in fines in the amount of hundreds of millions of Renminbi. More recently, there have been press reports that certain foreign automobile manufacturers and their respective dealership networks have been investigated by the NDRC for alleged price-fixing practices and possibly other pricing-related wrongdoings in China, and the impact and implications of these investigations have yet to be fully known or assessed. It has also been reported in the media that in anticipation of, or in response to, potential or pending investigations, certain foreign automobile manufacturers have reduced the prices of their passenger vehicles or automobile parts and components sold in China. These and other price reductions as a result of AML enforcement actions or otherwise may cause a general downward pricing pressure in the market, which may in turn negatively affect the profitability of, or otherwise have a material and adverse effect on, automobile companies, including us. In addition, we cannot assure you that we will not be subject to the scrutiny of, or implicated in, any AML enforcement actions in the future. Should we be subject to any investigation or enforcement actions, our reputation may be damaged and our results of operations may be materially and adversely affected.

Increasing competition in the PRC automobile market could have an adverse impact on our ability to maintain competitiveness.

Increasing consumer purchasing power in China has resulted in significant growth in the demand for automobiles. Such growth in the automobile market has encouraged, and may continue to encourage, foreign automobile companies, Sino-foreign joint ventures established in the PRC and other domestic automobile companies to build new, or expand existing, production capacity. Our market share and profit margin may be reduced if there are further price reductions caused by increased competition. The pricing, recognition and customers' loyalty to our brand of passenger vehicles and the financial and technical resources available to our products may be materially and adversely affected if competing automobile products, domestic or foreign, gain a competitive advantage.

Volatility in demand in China for passenger vehicles could adversely affect our results of operations.

Demand for passenger vehicles in China and the rest of the world is cyclical in nature and is affected by various factors, including sales and financing incentives, pricing, cost of fuel and parking, tolls, environmental concerns and governmental regulations, including tariffs, import regulation and other taxes. In particular, demand for passenger vehicles in China is also driven by government policies, such as the recently announced discontinuance of public service vehicles for government officials. Fluctuations in demand may lead to lower vehicle sales and increased inventory, which may result in further downward price pressure which will inevitably adversely affect our financial condition and results of operations.

Over the years, we have increased our production capacities in anticipation of a continuous increase in demand for passenger vehicles in the PRC. Any slowdown in demand for passenger vehicles in the PRC may lead to an inventory surplus and could result in a significant under-utilization of our production capacity, which would, in turn, result in diminished returns to the substantial resources invested in the expansion of our production capacities. If these events occur, our results of operations and financial condition could be materially and adversely affected.

The sales volume of our mid- to high-end passenger vehicles contributed a significant portion of our total sales volume during the Track Record Period. Generally, mid- to high-end passenger vehicles enjoy higher profit margins than economy passenger vehicles. We cannot assure you that the demand for mid- to high-end passenger vehicles will remain strong in the future. For example, PRC government policies which encourage the development and demand for economy passenger vehicles may have a negative impact on the demand for mid- to high-end passenger vehicles. Accordingly, if demand for mid- to high-end passenger vehicles decreases, our sales may be adversely affected, and our results of operations and financial condition could be materially and adversely affected.

The production and profitability of PRC automobile manufacturers may be adversely affected by changes in the regulatory environment.

We are subject to various laws, rules and regulations in the PRC imposed at both the national and regional levels that regulate or affect the PRC automobile manufacturing industry and automobile parts and components manufacturing industry, including: (i) crash test requirements and other safety compliance standards in relation to automobiles, automobile parts and components; (ii) emission standards; (iii) fuel economy standards; (iv) automobile recall requirements; (v) noise, waste, discharge and other pollution controls relating to manufacturing of automobiles; and (vi) market entry requirements and/or minimum production requirements for automobile and automobile parts and components manufacturers. All models of automobiles manufactured must be submitted to, approved and announced by, relevant PRC authorities. This approval process can be lengthy and may adversely affect our ability to introduce new passenger vehicles in a timely manner. Accordingly, any delay in the approval process can limit our flexibility to respond to changing market conditions or competition in a timely manner. In addition, the expenses of complying with the relevant policies and procedures in the approval process may increase our costs.

Furthermore, existing PRC automobile industry policies impose ownership and other limitations on investment by foreign vehicle manufacturers in vehicle production projects in the PRC. See the section headed "Regulatory Environment." If these regulations were relaxed, there could be a higher level of participation by foreign automobile companies in the PRC automobile market, which in turn could increase competition in the market.

In addition, vehicles produced in the PRC are subject to increasingly stringent fuel consumption standards. For example, the PRC government has issued a series of suggested targets for fuel consumption for automobile manufacturers in the PRC. Like other automobile manufacturers in the PRC, we may have to change or improve the design of our passenger vehicles to meet any standards promulgated by the PRC government, which may further lead to production delays and increased costs. For more details about relevant PRC regulations and rules, see "Regulatory Environment—Regulatory Framework—II. Major Regulatory Laws and Regulations regarding the PRC Automotive Industry— Emission and Pollution of Waste Gas of Vehicles."

Our operations are sensitive to changes in the PRC government's policies relating to all aspects of the automobile industry. The imposition of additional stringent requirements for product design may result in substantial increases in the cost of our automobile and/or automobile components and automobile parts designs. In addition, our failure to comply with such laws and regulations may result in fines, penalties or lawsuits, which may have a material adverse effect on our financial condition and results of operations. See "Appendix IV—Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions" for further details.

If there is any further fiscal or credit tightening by the PRC government, demand for our automobiles, as well as our access to external financing, may decrease.

The PRC government has increased the reserve requirement ratio of PRC financial institutions and raised benchmark interest rates on numerous occasions in the past in an attempt to control credit growth and inflation in the PRC. Demand for our automobiles may decrease if there is any fiscal or credit tightening by the PRC government, which reduces business or consumer spending. Many customers rely on automobile financing to fund their automobile purchases. If the PRC government implements any credit tightening measures that restrict the availability of automobile financing, our sales may be materially and adversely affected. Furthermore, the availability and cost of funding to businesses, such as ourselves, in the PRC, are significantly affected by the fiscal policies of the PRC government and the availability of credit and liquidity in the PRC banking system. Historically, we have relied in part on bank and other borrowings to fund our operations and expansion plans. On May 12, 2012, the PBOC announced that the reserve requirement ratio would be reduced by 50 basis points as of May 18, 2012. In addition, the PBOC reduced the benchmark one-year lending rate twice, in June and July 2012, to 6.0%. Although the PBOC has recently adopted expansionary fiscal and monetary measures, there is no assurance that the PRC government would not implement any further fiscal or credit tightening measures, and our access to bank borrowings and other types of financing may be reduced or otherwise restricted, which could materially and adversely affect our liquidity and our ability to fund our inventory purchases and our planned network expansion. We may also experience higher borrowing costs and a tightening of credit terms. As a result of any of the foregoing, our results of operations, financial condition and prospects may be materially and adversely affected.

Higher fuel prices and fuel-related taxes on automobile consumption may reduce the demand for automobiles.

The price of gasoline in the PRC has been rising steadily in recent years. Continued increases in fuel prices may induce cost-sensitive customers to switch to more fuel-efficient vehicles or opt for alternatives to automobiles, such as public transportation or bicycles. Such shifts in customer preferences may materially and adversely affect our sales of certain car models.

The PRC government adopted an automobile consumption tax on January 1, 1994. The increase of applicable tax rates on automobiles with large cylinder capacities took effect on September 1, 2008 pursuant to the Notice on Adjusting the Policy of the Consumption Tax on Passenger Vehicles (關於調整乘用車消費稅政策的通知) as released by the MOF and the SAT. The new policy lowered the personal automobile consumption tax rate for vehicles with the smallest engine displacement capacity, under 1.0 liter, from 3% to 1%, but increased the tax rate on vehicles with larger engine displacements. In particular, the tax rate on vehicles with engine displacement between 3.0 and 4.0 liters was increased from 15% to 25%, and the tax rate on vehicles with engine displacement above 4.0 liters was increased from 20% to 40%. According to the PRC Vehicle and Vessel Tax Law (中華人民共和國車船稅法) promulgated by the Standing Committee of The National People's Congress and its implementation regulations effective as of January 1, 2012, tax on passenger cars is calculated and imposed based on the engine displacement capacity. The annual benchmark tax on passenger cars with engine displacement capacity of 1.0 liter and below ranges from RMB60 to RMB360, while that on vehicles with engine displacement between 3.0 and 4.0 liters ranges from RMB2,400 to RMB3,600, and that on vehicles with engine displacement above 4.0 liters ranges from RMB3,600 to RMB5,400. Certain of the automobiles we manufacture have larger engine displacement capacity and are subject to the higher automobile consumption taxes, which make those automobile purchases more expensive for buyers.

There can be no assurance that the PRC government will not implement higher automobile consumption tax rates for automobiles, or impose additional restrictions or taxes. Any such measures may cause our sales to decline and materially and adversely affect our revenues.

Stricter emission standards may reduce the demand for automobiles.

With a view to controlling air pollution, Chinese cities have issued and implemented stricter emission standards in recent years. For example, on January 23, 2013, the Beijing Municipal Environmental Protection Bureau issued new emission standards for motor vehicles, effective on February 1, 2013, to curb the city's air pollution. The Beijing V emission standard, which could be as strict as the Euro V emission standard used in Europe, is applicable to new automobiles to be sold and those that have yet to receive license plates. For more details, see "Regulatory Environment—II. Major Regulatory Laws and Regulations regarding the PRC Automotive Industry—Emission and Pollution of Waste Gas of Vehicles."

Stricter emission standards for automobiles sold in the PRC may be adopted in various cities in the PRC in the future. The implementation of such standards may reduce the demand for automobiles and may adversely affect our business, financial condition, results of operations and growth prospects.

Anti-congestion regulations and ordinances of certain Chinese cities may restrict local demand for automobiles.

To curb urban traffic congestion, certain Chinese cities have adopted urban regulations and ordinances that limit new automobile registration or restrict automobile use. For example, in December 2010, the Beijing municipal government issued measures to curb the traffic congestion in Beijing by limiting the number of new automobile license plates to be issued every year. More recently, in March 2014, the Hangzhou municipal government also issued new measures to limit the number of new license plates to be issued each year. Other Chinese cities that have imposed restrictions on automobile license plates include Shanghai, Guangzhou, Tianjin and Guiyang. These and any future anti-congestion ordinances in the markets where we sell our passenger vehicles may restrict the ability of potential customers to purchase automobiles and, in turn, reduce our automobile sales. Should similar ordinances be adopted in other cities where we operate, or if existing regulations become stricter, our sales in those cities may be materially and adversely affected.

Our results of operations may fluctuate as a result of certain factors beyond our control. If our results fall below market expectations, the price of our H Shares may decline.

Since the production, sale and marketing of our passenger vehicles take place in many regions within China and we also import some of our raw materials, components and automobile parts from foreign countries, our operating results may fluctuate significantly as a result of certain factors beyond our control in various geographic regions. These factors include:

- disruptions to public infrastructure such as roads, railway systems, ports or power grids, including labor strikes;
- natural disasters, epidemics and other acts of God including earthquakes, floods and storms; and
- wars, terrorism or use of force or the threat of war, terrorism or use of force by foreign countries and multinational conflicts.

Certain natural disasters, such as earthquakes and storms, may disrupt the delivery of raw materials, components and automobile parts to us and the distribution of our passenger vehicles to our customers. Some regions where we operate are under the threat of earthquake, sandstorm, snowstorm, fire, drought, or epidemics, such as Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, H1N1 influenza, H7N9 influenza or the recent cases of Ebola virus disease. Such factors beyond our control may adversely alter the consumption patterns of our end-user customers, our production schedules and the sales and distribution of our passenger vehicles which will, in turn, have a negative impact on our business, operating results and financial condition. The potential threat of war or terrorist attacks may also cause uncertainty and cause our business to suffer in ways that we cannot predict. Our business, financial condition and results of operations may be materially and adversely affected as a result.

RISKS RELATING TO THE PRC

Changes in political or economic policies, and a slowdown in the PRC's economy, may have an adverse effect on our results of operations and financial condition.

A substantial portion of our business, assets and operations are located in China and a substantial part of our revenue is generated from products produced and sold in the PRC and we expect this situation to continue in the near future. Demand for our passenger vehicles correlates with the pace of economic growth in the PRC and, as a result, our results of operations and prospects are and will continue to be subject to political, economic and legal developments in the PRC to a significant degree. The PRC economy differs from the economies of developed countries in many respects, including the extent of government involvement, allocation of resources, capital reinvestment, levels of development, growth rate, and control of foreign exchange. Although the PRC has been one of the world's fastest growing economies in recent years as measured by GDP, such growth may not be sustainable in the future. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources, but some of these measures, such as the introduction of measures to control consumer price, or reduce growth, changes in the rates or methods of taxation, or the imposition of additional restrictions on currency conversions and remittances abroad, may lead to changes in market conditions and could materially and adversely affect our business, financial condition and results of operations. If the PRC economy experiences significant adverse changes due to any of the foregoing reasons, demand for our passenger vehicles and our ability to maintain our operations may suffer, which will consequently have a material adverse effect on our financial condition, results of operations and our future prospects.

Changes to the PRC legal system and insufficient protection of intellectual property rights could have an adverse effect on us.

The PRC government has developed a comprehensive system of laws, rules and regulations in relation to economic matters, such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and may not be as consistent or predictable as in other more developed jurisdictions.

Intellectual property rights are critical to our success and we have obtained or applied for trademarks and patents on various products and technologies as set out in the section headed "Appendix VI—Statutory and General Information" for the purpose of protecting our intellectual property rights. For more details on the protection of our intellectual property rights, see "—Risks Relating to Our Business—We may not be able to protect our intellectual property rights."

Furthermore, we cannot assure you that, in the future, we will not receive notice of any claims from any third party alleging infringement by us of any such third party's intellectual property rights, or that we will prevail in any proceedings arising from such a claim. In the event that any such claim is initiated or upheld, our business and financial condition could be adversely affected.

Uncertainties with respect to the PRC legal system could have a material adverse effect on us.

Our business and operations are conducted in the PRC and are governed by PRC laws, regulations and rules. The PRC legal system is a civil law system based on written statutes. Prior court decisions may be cited for reference, but have limited precedential value. Since the late 1970s, the PRC government has significantly enhanced PRC legislation and regulations to provide protections to various forms of foreign investments in the PRC. However, the PRC has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC. As many of these laws, regulations and rules are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws, regulations and rules may involve uncertainties and may not be as consistent or predictable as in other more developed jurisdictions. Furthermore, the legal protections available to us under these laws, regulations and rules may be limited. Any litigation or regulatory enforcement action in the PRC may be protracted and could result in substantial costs and diversion of resources and management attention.

In addition, there can be no assurance that the PRC government will not amend or revise existing laws, regulations or rules to require additional approvals, licenses or permits, or to impose stricter requirements or conditions for the approvals, licenses or permits required for our business and operations. Any loss of or failure to obtain or renew our approvals, licenses or permits could disrupt our operations and subject us to fines or penalties imposed by the PRC government. There can also be no assurance that the PRC government will not amend or revise existing laws, regulations or rules, or promulgate new laws, regulations or rules, that have a material and adverse effect on our business, operations, growth or prospects.

Government control over currency conversion may affect the value of our H Shares and may limit our ability to utilize our cash effectively.

All of our revenue is denominated in Renminbi. The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of the PRC. Under existing PRC foreign exchange regulations, the payment of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, approval from the SAFE or its local branch is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses (such as the repayment of loans denominated in foreign currencies), make offshore investments or obtain low-cost funding from offshore sources. The PRC Government may also, at its discretion, restrict access in the future to foreign currencies for current account transactions.

The foreign exchange control system may prevent us from distributing dividends to our Shareholders in foreign currencies or distributing dividends to our Shareholders in foreign jurisdictions. In addition, since a significant amount of our future cash flow from operations will be denominated in Renminbi, any future restrictions on currency exchange may limit our ability to purchase goods and services outside of the PRC or otherwise fund our business activities that will be conducted in foreign currencies.

Fluctuation in the exchange rates of Renminbi may have a material adverse effect on your investment.

The value of the Renminbi has generally been under pressure of appreciation in recent years. The exchange rates of Renminbi against foreign currencies, including the Hong Kong dollar, are affected by, among other things, changes in the PRC's political and economic conditions. As there has been international pressure on the PRC to allow a more flexible exchange rate for the Renminbi, the PRC government has decided to proceed further with reform of the Renminbi exchange rate regime and to enhance the Renminbi exchange rate flexibility. In one recent move, the PBOC doubled the daily trading range of the Renminbi against the U.S. dollar to 2% in March 2014.

Any appreciation or depreciation in the value of the Renminbi or other foreign currencies that our operations are exposed to will affect our business in different ways. For example, any appreciation of the U.S. dollar, Euro, Korean Won or other foreign currencies against the Renminbi may cause an increase in the cost of imported raw materials, components and automobile parts used by us, and, in turn, may cause us to raise the prices of our passenger vehicles. We may also face more intense competition from imported passenger vehicles at a cheaper price due to the appreciation of the Renminbi or depreciation of foreign currencies. In such events, our business, financial condition, results of operations, growth prospects and valuation may be materially and adversely affected.

To the extent that we need to convert Hong Kong dollars we receive from our initial public offering into Renminbi for our operations, appreciation of the Renminbi against the Hong Kong dollar would have an adverse effect on the Renminbi amount we would receive. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for dividends on our H Shares or for other business purposes, appreciation of the Hong Kong dollar against the Renminbi would have a negative effect on the Hong Kong dollar amount available to us.

Payment of dividends is subject to restrictions under PRC law.

Under PRC law, dividends may be paid only out of distributable profits. Distributable profits are our net profit as determined under PRC GAAP or IFRSs, whichever is lower, plus undistributed profit at the beginning of the period and less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profits to enable us to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that we have not recorded any profits. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years. Moreover, our operating subsidiaries and joint venture companies may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRSs, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries or joint venture companies. Failure by our operating subsidiaries or joint venture companies to pay dividends to us could have a negative impact on our cash flow and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

Holders of H Shares may be subject to taxation in China.

Under the applicable PRC tax laws, the dividends we pay to a non-PRC resident individual holder of H Shares are subject to a 20% PRC individual income tax, unless reduced by an applicable double taxation treaty. According to a notice issued by the State Administration of Taxation, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends and extra bonuses, withhold individual income tax at a rate of 10%.

Under the applicable PRC tax laws, the dividends we pay to, and the gains realized by, non-PRC resident enterprise holders of H Shares are subject to a 10% PRC enterprise income tax, unless reduced by an applicable double taxation treaty.

There are significant uncertainties as to the interpretation and application of applicable PRC tax laws due to several factors, including the relatively short history of such laws. If the applicable tax laws and the interpretation or application with respect to such laws are changed in the future, individual holders of our H Shares may be subject to PRC income tax on gains realized through sale or transfer of the H Shares or by other means which they currently are not required to pay or which have not been collected by any PRC tax authority in practice.

It may be difficult to effect service of process upon, or to enforce judgments against, our Directors or members of our senior management who reside in the PRC in connection with judgments obtained in non-PRC courts.

Substantially all of our Directors reside within the PRC, and the assets of most of our Directors and senior management may also be located within the PRC. As a result, it may not be possible to effect service of process outside of the PRC upon those Directors and senior management members, including for matters arising under applicable securities law. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced if the jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognized before in that jurisdiction, subject to the satisfaction of other requirements. However, the PRC does not have treaties providing for the reciprocal enforcement of judgments of courts with Japan, the United Kingdom, the United States and many other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments from various jurisdictions are uncertain.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our H Shares and their liquidity and market price may be volatile.

Prior to the Global Offering, there was no public market for our H Shares. The initial issue price range for our H Shares was the result of negotiations among us, BAIC Group (for itself and on behalf of the other Selling Shareholders), the Joint Global Coordinators, the Joint Bookrunners and the Underwriters, and the Offer Price may differ significantly from the market price for our H Shares following the Global Offering. We have applied for the listing of, and permission to deal in, our H Shares on the Hong Kong Stock Exchange. A listing on the Hong Kong Stock Exchange, however, does not guarantee that an active trading market for our H Shares will develop, or if it does develop, will be sustained following the Global Offering or that the market price of our H Shares will not decline following completion of the Global Offering. In addition, there can be no assurance that the Global Offering will result in the development of an active and liquid public trading market for our H Shares. Furthermore, the price and trading volume of our H Shares may be volatile. Factors such as variations in our revenue, earnings and cash flows may affect the volume and price at which our H Shares will be traded.

Since there will be a gap of several days between pricing and trading of our H Shares, holders of our H Shares are subject to the risk that the price of our H Shares could fall during the period before trading of our H Shares begins.

The Offer Price of our H Shares is expected to be determined on the Price Determination Date. However, our H Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be five Hong Kong business days after the pricing date. As a result, investors may not be able to sell or deal in our H Shares during that period. Accordingly, holders of our H Shares are subject to the risk that the price of our H Shares could fall before trading begins as a result of adverse market conditions or other adverse development, that could occur between the time of sale and the time trading begins.

Because the Offer Price is higher than our net tangible book value per Share, you will incur immediate dilution. If we issue additional equity securities in the future, purchasers of H Shares may experience further dilution in their ownership percentage.

The Offer Price of our H Shares is higher than the net tangible book value per Share issued to existing holders of our Shares. Therefore, all investors and purchasers of our H Shares in the Global Offering will experience an immediate dilution in pro forma net tangible book value and existing holders of our Shares will receive an increase in net tangible book value per Share of their Shares. If we issue additional equity securities or equity-linked securities in the future, investors and purchasers of Shares may experience further dilution in their ownership percentage.

Future sales, or market perception of sales, of substantial amounts of our H Shares or other securities relating to our H Shares in the public market could materially and adversely affect the prevailing market price of our H Shares.

Future sales by our Shareholders of substantial amounts of our H Shares or other securities relating to our H Shares in the public markets after the Global Offering, or the perception that these sales may occur, could adversely affect market prices of our H Shares prevailing from time to time. In addition, Domestic Shares can be converted into H Shares after Listing subject to relevant laws and regulations and approvals. See "Information about this prospectus and the Global Offering—Certain Matters Relating to the Hong Kong Public Offering—Restrictions on Offer and Sale of the Offer Shares" for a more detailed discussion of restrictions that may apply to future sales of our H Shares. After these restrictions lapse, the market price of our H Shares may decline as a result of future sales of substantial amounts of our H Shares or other securities relating to our H Shares in the public market, the issuance of new H Shares or other securities relating to our H Shares, the conversion of substantial amounts of Domestic Shares into H Shares or the perception that such sales, conversion or issuances may occur. This could also materially and adversely affect our ability to raise capital at a time and at a price we deem appropriate.