

## 1. FURTHER INFORMATION ABOUT OUR COMPANY

### A. Incorporation

The Company was established as a joint stock company under the Company Law with limited liability on September 20, 2010 by our promoters, namely BAIC Group (previously known as BAIC Holding), Shougang Limited, BSAM, Modern Innovation, BSAMAC and Beijing Energy Investment, through a promoters agreement dated August 25, 2010 with an initial registered capital of RMB5 billion. After the completion of the Pre-IPO Strategic Investment, our Company became a sino-foreign investment joint stock limited company and it is subject to the PRC sino-foreign joint venture law. Our Company has established a place of business at 8<sup>th</sup> Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on March 26, 2014. Ms. Yung Mei Yee has been appointed as our agent for the acceptance of service of process in Hong Kong. As we are incorporated in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in Appendix V to this Prospectus. A summary of certain relevant aspects of the laws and regulations of the PRC and Hong Kong is set out in Appendix IV to this Prospectus.

### B. Changes in Share Capital

At the date of the Company's establishment as a joint stock limited company, our registered capital was RMB5,000,000,000 divided into 5,000,000,000 Domestic Shares of nominal value of RMB1.00 each. The following sets out the changes to the Company's registered capital since its establishment.

- (a) In the year 2012, the Company increased its registered capital through issuing 616 million new Shares with the price of RMB6.5 per Share to its then Shareholders. Upon completion of such capital increase, the Company's registered capital increased from RMB5 billion to RMB 5.616 billion.
- (b) In the year 2013, the Company further increased its registered capital through issuing 765,818,182 Unlisted Foreign Shares with the price of RMB6.7 per Share to Daimler AG to facilitate the Pre-IPO Strategic Investment. Upon completion of such further capital increase, the Company's registered capital increased from RMB5.616 billion to approximately RMB 6.382 billion.

Upon completion of the Globing Offering, but without taking into account any H Shares which may be issued pursuant to the Over-allotment Option, our registered capital will be increased to approximately RMB7,508 billion, comprising approximately 5,503,380,000 Domestic Shares and approximately 2,004,638,182 H Shares fully paid up or credited as fully paid up, representing approximated 73.3% and 26.7% of our registered capital, respectively.

Save as aforesaid, there has been no alteration in our Company's share capital since our Company's establishment.

**C. The Company's Extraordinary General Meetings held on December 19, 2013 and April 24, 2014**

At the extraordinary general meetings of the Company held on December 19, 2013 and April 24, 2014, among other things, the following resolutions were passed by the Shareholders of the Company, respectively:

- (a) the issue by the Company of the H Shares of nominal value of RMB1.00 each up to 20% of the Company's enlarged share capital after the issuance (without taking into account the H Shares which may be issued upon the exercise of the Over-allotment Option) and such H Shares be listed on the Stock Exchange; and
- (b) subject to the completion of the Global Offering, the Articles of Association has been approved and adopted, and the Articles of Association shall become effective after the Listing and being granted relevant approvals from competent PRC authorities and the Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and relevant PRC regulatory authorities.

**D. Our Reorganization**

We have undergone our Reorganization, details of which are set out in the section headed "History, Reorganization and Corporate Structure" in this Prospectus. As confirmed by our PRC legal advisers, Jia Yuan Law Offices, all necessary consents, approvals, authorizations and permissions required to be obtained for the Reorganization have been obtained and all the Reorganization steps have been duly completed pursuant to the applicable PRC laws, regulations and rules.

**E. Changes in Share Capital of Our Subsidiaries**

Our principal subsidiaries (for the purpose of the Listing Rules) as of the date of this Prospectus are set out under the financial information in the Accountant's Report as included in Appendix I to this Prospectus. The following alterations in the registered capital of our principal subsidiaries have taken place within the two years preceding the date of this Prospectus:

***(a) Powertrain***

In September 2011, the registered capital of Powertrain was increased from RMB50 million to RMB850 million, which was further increased to RMB1.15 billion in May 2013.

***(b) Beijing Benz***

On August 26, 2012, the registered capital of Beijing Benz was increased from US\$585.71 million to US\$781.04 million, which was further increased to US\$1.20 billion in January 2013.

On February 1, 2013, following a new round of capital increase subscribed by our Company, the registered capital of Beijing Benz was increased from US\$1.20 billion to US\$1.22 billion.

***(c) Beijing Beinei Engine Parts and Components Co., Ltd.***

In July 2011, the registered capital of Beijing Beinei Engine Parts and Components Co., Ltd. was increased from RMB5 million to RMB223.8 million, which was further increased to RMB303.8 million in May 2013 and RMB361.9 million in October 2014.

Save as disclosed in this Prospectus, there has been no other alteration in the share capital of any of our principal subsidiaries within the two years immediately preceding the date of this Prospectus.

#### F. Sino-foreign joint ventures

Information regarding the sino-foreign equity joint ventures, cooperative or contractual joint ventures in which we are interested is set out below:

##### I. Beijing Benz

###### Capital contribution and interest

percentage of parties: . . . . .	The Company:	US\$622,458,232.70 51%
	Daimler AG:	US\$471,907,799.42 38.665%
	Daimler Greater China:	US\$126,140,306.28 10.335%

Term of joint venture: . . . . . 50 years

Place of establishment: . . . . . Beijing

Date of establishment: . . . . . July 1, 1983

Scope of business . . . . . Design, developing, manufacturing and sales of passenger vehicles (including sedans) and related parts and components as well as after-sales services

Nature: . . . . . Sino-foreign joint venture

Registered capital: . . . . . US\$1,220,506,338.40

The board of directors of Beijing Benz shall determine the net profit after tax within four months from the end of each financial year of Beijing Benz. In addition, prior to the distribution of profits to each party to the joint venture, Beijing Benz is required to cover the loss accruing from the previous financial year. For the profit distribution, Daimler AG is entitled to obtain its share in profit distribution from the foreign exchange of Beijing Benz on a preferential basis. As for the transfer of equity interest of Beijing Benz, consents from other parties to the joint venture shall be obtained and no equity interest of Beijing Benz shall be, either in full or in part, transferred to the competitors of any of the parties to the joint venture contract. Furthermore, Daimler AG and Daimler Greater China are entitled to the pre-emptive rights to the transfer of equity interest by any other parties to the joint venture upon five years from the date of establishment of Beijing Benz. The board of directors of Beijing Benz comprises 12 directors, of which six are appointed by the Company and six are appointed by Daimler AG. The daily operation of Beijing Benz is managed by its executive management committee. The executive management committee consists of a president and a management panel comprising five executive vice presidents. The president and the executive vice presidents, who are responsible for the product department of Mercedes-Benz and Chrysler Jeep (克萊斯勒吉普) /Mitsubishi (三菱公司) and the financial and control department are nominated by Daimler AG, while the remaining three executive vice presidents are nominated by the Company. The dissolution of Beijing Benz, other than through specific acquisition approach as set out in the joint venture contract, shall be unanimously resolved and approved by the board of directors of Beijing Benz.

## II. Beijing Hyundai

## Capital contribution and interest

percentage of parties: . . . . .	BAIC Investment: US\$609,534,000 50%
	Hyundai Motor: US\$609,534,000 50%

Term of joint venture: . . . . . 30 years

Place of establishment: . . . . . Beijing

Date of establishment: . . . . . October 16, 2002

Scope of business: . . . . . Design, developing, manufacturing and sales of sedans, RV (Recreation Vehicle), finished vehicle of trucks, engines and vehicle parts and components

Nature: . . . . . Sino-foreign joint venture

Registered capital: . . . . . US\$1,219,068,000

All transfer of equity interests of Beijing Hyundai are subject to pre-emptive rights of the joint venture parties as set out in the joint venture contract, the consents of the joint venture parties, and approval from the institution which originally granted the approval of the joint venture. Beijing Hyundai distributes profits within 90 days after last financial year ends subject to review and approval of board of directors. The profits after tax shall be first used to recover the losses accruing from last financial year, and then to extract for funds of reserves, enterprise developing and employee bonus and welfare, after which the remaining profits will be distributed to parties to the joint venture according to their respective percentage in the registered capital subscribed. The management of Beijing Hyundai shall be carried out through an operation and management committee consisting of four members, of which two members (including the chairman) shall be appointed by Hyundai Motor and two members (including the vice chairman) shall be appointed by BAIC Investment. As part of its obligations under the joint venture contract, Hyundai Motor shall enter into a separate technology licensing agreement with Beijing Hyundai, pursuant to which Hyundai Motor would import newly developed vehicles into Beijing Hyundai as well as provide relevant products on favorable terms. Except in circumstances stipulated otherwise in the joint venture contract, the dissolution of the joint venture is conditioned upon an unanimous resolution passed by its broad of directors.

## 2. FURTHER INFORMATION ABOUT OUR BUSINESS

### A. Summary of Our Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within two years preceding the date of this Prospectus which are or may be material, a copy of each has been delivered to the Registrar for registration:

- (a) the Share Subscription Agreement;
- (b) a capital increase and change of equity holding agreement dated February 1, 2013 entered into among our Company, Daimler AG, Daimler Northeast Asia Ltd. and Beijing Benz, pursuant to which the registered share capital of Beijing Benz was increased from US\$1,196,096,211.40 to US\$1,220,506,338.40 through capital subscription by our

Company amounted to RMB216 million. Upon completion of the above agreement, the shareholding of our Company in Beijing Benz was increased from 50% to 51%;

- (c) an asset acquisition agreement dated October 12, 2013 entered into between BAIC Group and our Company, pursuant to which our Company sold its productive assets and intellectual property assets related to off-road vehicles at a consideration of RMB94,636,700 to BAIC Group;
- (d) an asset acquisition agreement dated October 15, 2013 entered into between Beijing Automotive Technology Center and our Company, pursuant to which our Company sold its assets related to the research and development business of off-road vehicles-related product at a consideration of RMB290,452,600 to Beijing Automotive Technology Center;
- (e) an equity transfer agreement dated May 23, 2014 entered into between BAIC Group and our Company, pursuant to which 100% equity interests in Guangzhou Company was transferred from BAIC Group to our Company with a consideration of RMB2,369,758,900;
- (f) the Undertaking of Indemnity (as defined below);
- (g) the Non-Competition Undertaking;
- (h) a cornerstone investment agreement dated December 5, 2014, entered into among Beijing Enterprises Group (BVI) Company Limited, Morgan Stanley Asia Limited, Deutsche Bank AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited and us, pursuant to which Beijing Enterprises Group (BVI) Company Limited agreed to subscribe for our H Shares in the amount of Hong Kong dollars equivalent of US\$50,000,000, as detailed in “Cornerstone Placing” in this prospectus;
- (i) a cornerstone investment agreement dated December 5, 2014, entered into among Capital Transportation (HK) Investment Limited, Beijing Automobile City Investment & Management Co., Ltd., Morgan Stanley Asia Limited, Deutsche Bank AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited and us, pursuant to which Capital Transportation (HK) Investment Limited agreed to subscribe for our H Shares in the amount of Hong Kong dollars equivalent of US\$100,000,000, as detailed in “Cornerstone Placing” in this prospectus;
- (j) a cornerstone investment agreement dated December 5, 2014, entered into among CMB International Capital Corporation Limited, Morgan Stanley Asia Limited, Deutsche Bank AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited and us, pursuant to which CMB International Capital Corporation Limited agreed to subscribe for our H Shares in the amount of Hong Kong dollars equivalent of US\$50,000,000, as detailed in “Cornerstone Placing” in this prospectus;
- (k) a cornerstone investment agreement dated December 5, 2014, entered into among Converge Bright Assets Limited (匯明資產有限公司), Morgan Stanley Asia Limited, Deutsche Bank AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited and us, pursuant to which Converge Bright Assets Limited (匯明資產有限公司) agreed to subscribe for our H Shares in the amount of Hong Kong dollars equivalent of US\$26,000,000, as detailed in “Cornerstone Placing” in this prospectus;

- (l) a cornerstone investment agreement dated December 5, 2014, entered into among Dazhong Transportation (Hong Kong) Limited (大眾交通(香港)有限公司), Morgan Stanley Asia Limited, Deutsche Bank AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited and us, pursuant to which Dazhong Transportation (Hong Kong) Limited (大眾交通(香港)有限公司) agreed to subscribe for our H Shares in the amount of Hong Kong dollars equivalent of US\$30,000,000, as detailed in “Cornerstone Placing” in this prospectus;
- (m) a cornerstone investment agreement dated December 5, 2014, entered into among E-Town International Holding (Hong Kong) Co., Limited, Morgan Stanley Asia Limited, Deutsche Bank AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited and us, pursuant to which E-Town International Holding (Hong Kong) Co., Limited agreed to subscribe for our H Shares in the amount of Hong Kong dollars equivalent of US\$100,000,000, as detailed in “Cornerstone Placing” in this prospectus;
- (n) a cornerstone investment agreement dated December 5, 2014, entered into among Easy Smart Limited, Morgan Stanley Asia Limited, Deutsche Bank AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited and us, pursuant to which Easy Smart Limited agreed to subscribe for our H Shares in the amount of HK\$2,480,000,000, as detailed in “Cornerstone Placing” in this prospectus;
- (o) a cornerstone investment agreement dated December 5, 2014, entered into among Fortune Class Investments Limited (瑞群投資有限公司), Morgan Stanley Asia Limited, Deutsche Bank AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited and us, pursuant to which Fortune Class Investments Limited (瑞群投資有限公司) agreed to subscribe for our H Shares in the amount of Hong Kong dollars equivalent of US\$50,000,000, as detailed in “Cornerstone Placing” in this prospectus;
- (p) a cornerstone investment agreement dated December 5, 2014, entered into among PICC Property and Casualty Company Limited, Morgan Stanley Asia Limited, Deutsche Bank AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited and us, pursuant to which PICC Property and Casualty Company Limited agreed to subscribe for our H Shares in the amount of Hong Kong dollars equivalent of US\$50,000,000, as detailed in “Cornerstone Placing” in this prospectus;
- (q) a cornerstone investment agreement dated December 5, 2014, entered into among North Industries Group Investment Management Company Ltd. (中兵投資管理有限責任公司), Morgan Stanley Asia Limited, Deutsche Bank AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited and us, pursuant to which North Industries Group Investment Management Company Ltd. (中兵投資管理有限責任公司) agreed to subscribe for our H Shares in the amount of Hong Kong dollars equivalent of US\$10,000,000, as detailed in “Cornerstone Placing” in this prospectus; and
- (r) the Hong Kong Underwriting Agreement.

**B. Our Intellectual Property Rights***(a) Trademarks**Our Registered Trademarks*

As of June 30, 2014, the Group owns the following trademarks which we consider to be or may be material to our business :

No.	Registered Trademark	Registration Number	Applicant	Period of Validity
1		10644628	Company	May 14, 2013 – May 13, 2023
2	悦影	10644637	Company	June 7, 2013 – June 6, 2023
3	世骥	10644636	Company	June 7, 2013 – June 6, 2023
4	图骏	10644635	Company	June 7, 2013 – June 6, 2023
5	华宾	10644634	Company	June 7, 2013 – June 6, 2023
6	融世	10644633	Company	June 7, 2013 – June 6, 2023
7	弘图	10644632	Company	June 7, 2013 – June 6, 2023
8	纵横	10644631	Company	June 7, 2013 – June 6, 2023
9	致臻	10644630	Company	June 7, 2013 – June 6, 2023
10	蔚蓝	10644629	Company	June 28, 2013 – June 27, 2023
11	CAPSULE	10786925	Company	July 7, 2013 – July 6, 2023
12		234766	Beijing Benz	October 15, 1985 – October 14, 2015
13		699665	Beijing Benz	July 28, 1994 – July 27, 2014
14		695197	Beijing Benz	June 28, 1994 – June 27, 2014
15		705550	Beijing Benz	September 14, 1994 – September 13, 2014

*Trademarks under the Trademark Licensing Agreements*

The registered trademarks licensed to the Company with the non-exclusive use right and which we consider to be or may be material to our business as of June 30, 2014 are as follows:

No.	Registered Trademark	Registration Number	Agreed Scope of Trademark	Registrant	Period of Validity of Licensing Agreement
1	北京	3472974	The Company is permitted to use the licensed trademark on its finished vehicle and Type II and III chassis	BAIC Group	November 1, 2010— February 27, 2016
2	北京汽车	8490117	The Company is permitted to use the licensed trademark on its finished vehicle and Type II and III chassis	BAIC Group	March 1, 2011— February 27, 2016
3		8129253	The Company is permitted to use the licensed trademark on its finished vehicle and Type II and III chassis	BAIC Group	March 1, 2011— February 27, 2016
4		8563498	The Company is permitted to use the licensed trademark on its finished vehicle and its derivative products	BAIC Group	March 1, 2011— February 27, 2016

No.	Registered Trademark	Registration Number	Agreed Scope of Trademark	Registrant	Period of Validity of Licensing Agreement
5	MERCEDES-BENZ (literal identification) 梅塞德斯-奔驰	526 122 669 657	Beijing Benz is permitted to use the non-exclusive licensed trademark on authorized products which are assembled or manufactured by it or purchased from authorized subcontractors within contracted regions and which meet the quality standards of Daimler AG	Daimler AG	February 7, 2012—the duration period of the joint venture contract of Beijing Benz
6	BENZ (literal identification) 奔驰	669 659 669 658	Beijing Benz is permitted to use the non-exclusive licensed trademark on authorized products which are assembled or manufactured by it or purchased from authorized subcontractors within contracted regions and which meet the quality standards of Daimler AG; and Beijing Benz is authorized by Daimler AG to use this trademark (in Chinese and English) in its company name	Daimler AG	February 7, 2012—the duration period of the joint venture contract of Beijing Benz
7	A three-pointed star inside a circle (2-D presentation) 	IR 997 904	Beijing Benz is permitted to use the non-exclusive licensed trademark on authorized products which are assembled or manufactured by it or purchased from authorized subcontractors within contracted regions and which meet the quality standards of Daimler AG	Daimler AG	February 7, 2012—the duration period of the joint venture contract of Beijing Benz
8	A three-pointed star inside a circle (3-D presentation) 	526 124	Beijing Benz is permitted to use the non-exclusive licensed trademark on authorized products which are assembled or manufactured by it or purchased from authorized subcontractors within contracted regions and which meet the quality standards of Daimler AG	Daimler AG	February 7, 2012—the duration period of the joint venture contract of Beijing Benz

<u>No.</u>	<u>Registered Trademark</u>	<u>Registration Number</u>	<u>Agreed Scope of Trademark</u>	<u>Registrant</u>	<u>Period of Validity of Licensing Agreement</u>
9	“E-Class”	No. 3764023	Beijing Benz is permitted to use the non-exclusive licensed trademark on authorized products which are assembled or manufactured by it or purchased from authorized subcontractors within contracted regions and which meet the quality standards of Daimler AG	Daimler AG	February 7, 2012—the duration period of the joint venture contract of Beijing Benz
10	“C-Class”	No. 3764024	Beijing Benz is permitted to use the non-exclusive licensed trademark on authorized products which are assembled or manufactured by it or purchased from authorized subcontractors within contracted regions and which meet the quality standards of Daimler AG	Daimler AG	February 7, 2012—the duration period of the joint venture contract of Beijing Benz
11	GLK 300	German Registration No.: 302008068560	Beijing Benz is permitted to use the non-exclusive licensed trademark on authorized products which are assembled or manufactured by it or purchased from authorized subcontractors within contracted regions and which meet the quality standards of Daimler AG	Daimler AG	February 7, 2012—the duration period of the joint venture contract of Beijing Benz
12	KOMPRESSOR	No. 4158314	Beijing Benz is permitted to use the non-exclusive licensed trademark on authorized products which are assembled or manufactured by it or purchased from authorized subcontractors within contracted regions and which meet the quality standards of Daimler AG	Daimler AG	February 7, 2012—the duration period of the joint venture contract of Beijing Benz

*(b) Patents*

As of June 30, 2014, the following are patents that the Group has been granted in the PRC and which we consider to be or may be material to our business:

Type of patent	Name of registrant	Patent description	Patent number	Date of application	Date of expiry
Invention . .	Beijing Beinei Engine Parts and Components Co., Ltd.	Angle pinhole camera and depth detector (凸輪軸銷孔角向及深度檢測儀)	ZL200910084743.0	May 19, 2009	May 18, 2029
Invention . .	Company	Steering wheel with integrated trackball device (集成軌跡球裝置的方向盤)	ZI201210009335.0	January 12, 2012	January 11, 2032
Design . . . .	Company	Automobile (T8) (汽車(T8))	ZL201030138061.7	April 9, 2010	April 8, 2020
Design . . . .	Company	Automobile (BC801) (汽車(BC801))	ZL201030138060.2	April 9, 2010	April 8, 2020
Design . . . .	Company	Front air grille (C70G) (前進氣格柵(C70G))	ZL201130044648.6	March 16, 2011	March 15, 2021
Design . . . .	Company	Outside rear-view mirror (C70G) (外後視鏡(C70G))	ZL201130044650.3	March 16, 2011	March 15, 2021
Design . . . .	Company	Automobile air conditioning control panel (C50E) (汽車空調控制器(C50E))	ZL201230004091.8	January 9, 2012	January 8, 2022
Design . . . .	Company	Air filter (C60F) (空氣濾清器(C60F))	ZL201230010021.3	January 13, 2012	January 8, 2022
Design . . . .	Company	Automobile grille (C70G) (汽車進氣格柵(C70G))	ZL201330002768.9	January 6, 2013	January 5, 2023
Design . . . .	Company	EPB switch (C61X) (EPB開關(C61X))	ZL201330025546.9	January 28, 2013	January 27, 2023
Utility Model . .	Company	Automobile air conditioning system (汽車空調系統)	ZI201020553300.X	September 29, 2010	September 28, 2020
Utility model . .	Company	Automobile speaker (一種車載揚聲器)	ZL201020569353.0	October 13, 2010	October 12, 2020
Utility Model . .	Company	Network topological structure for automobile intelligence control and automobile (一種用於汽車智慧控制的網路拓撲結構及汽車)	ZL201120043462.3	February 21, 2011	February 20, 2021

Type of patent	Name of registrant	Patent description	Patent number	Date of application	Date of expiry
Utility Model	. . Company	Automatic headlight leveling system for automobile (一種車輛自動前照燈調平系統)	ZL201120066766.1	March 15, 2011	March 14, 2021
Utility Model	. . Company	Door wiring harness clips and installation structure of door wiring harness (門檻線束卡子及門檻線束安裝結構)	ZL201220005421.X	January 6, 2012	January 5, 2022
Utility Model	. . Company	Encryption module, service platform and vehicular communication system (加密模組、服務平台及車載通信系統)	ZL201220005941.0	January 6, 2012	January 5, 2022
Utility Model	. . Company	Bracket and vehicle to fix automotive wiring harness (固定汽車線束的支架及車輛)	ZL201320005067.5	January 5, 2013	January 4, 2023
Utility Model	. . Company	Intelligent control system for automotive cooling fan and vehicle (汽車冷卻扇邏輯控制系統及車輛)	ZL201320005927.5	January 7, 2013	January 6, 2023

### 3. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

#### A. Directors and Supervisors

##### *(a) Disclosure of Interest*

Immediately following completion of the Global Offering and assuming the Over-allotment Option is not exercised, none of our Directors, Supervisors and chief executives of our Company has any interest and/or short position in the Shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors and Listed Issuers to be notified to us and the Stock Exchange (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors).

##### *(b) Particulars of Service Contracts*

Each of the executive Director and non-executive Directors, has entered into a service contract with our Company on December 2, 2014. The principal particulars of these service agreements are

(a) for a term of three years commencing from the Listing Date and (b) are subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with our Articles of Association and the applicable laws, rules or regulations.

Pursuant to Rules 19A.54 and 19A.55 of the Listing Rules, each of the Directors and Supervisors has entered into a contract in respect of, among others, compliance of relevant laws and regulations, observations of the Articles of Association and provision on arbitration with our Company.

Save as disclosed above, none of our Directors or Supervisors has or is proposed to have a service contract with us (other than contracts expiring or determinable by the employer within one year without the payment of compensation other than statutory compensation).

***(c) Directors' and Supervisors' Remuneration***

For the three years ended December 31, 2011, 2012, 2013, the aggregate amount of fees, salaries, allowances, discretionary bonus, pension-defined contribution plans and other benefits in kind (if applicable) paid by us to our Directors were approximately RMB1,770,000, RMB1,828,000 and RMB2,389,000 respectively. For the three years ended December 31, 2011, 2012, 2013, the aggregate amount of fees, salaries, allowances, discretionary bonus, pension-defined contribution plans and other benefits in kind (if applicable) paid by us to our Supervisors were approximately RMB950,000, RMB636,000 and RMB1,170,000, respectively. Save as disclosed under Note 30 to the financial information in the Accountant's Report set out in Appendix I to this Prospectus, no Director or Supervisor received other remuneration or benefits in kind from the Company in respect of the three years ended December 31, 2011, 2012, 2013.

Under the current arrangements, our Directors and Supervisors will be entitled to receive compensation (including remuneration and benefits in kind) from our Company for the year ending December 31, 2014, which is expected to amount to approximately RMB5.54 million in total.

**B. Substantial Shareholders**

So far as our Directors are aware, each of the following persons will, immediately following completion of the Global Offering (and assuming the Over-allotment Option is not exercised), have an interest or short position in the Shares or underlying shares of our Company, which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

***(a) Interest in the Shares of our Company***

<u>Name of Shareholder</u>	<u>Class of Shares to be held after the Global Offering</u>	<u>Number of Shares to be held after the Global Offering</u>	<u>Nature of interest</u>	<u>Approximate percentage of shareholding in the relevant class of Shares after the Global Offering</u>	<u>Approximate percentage of shareholding in the total share capital of the Company after the Global Offering</u>
BAIC Group . . . . .	Domestic Shares	3,424,376,191	Beneficial owner	62.2%	45.6%
Shougang Limited . . . . .	Domestic Shares	1,028,748,707	Beneficial owner	18.7%	13.7%
Daimler AG . . . . .	H Shares	765,818,182	Beneficial owner	38.2%	10.2%
Benyuan Jinghong . . . . .	Domestic Shares	342,138,918	Beneficial owner	6.2%	4.6%
Easy Smart . . . . .	H Shares	326,315,500 <sup>(1)</sup>	Beneficial owner	16.3%	4.3%
Capital Transportation (HK) . . . . .	H Shares	102,036,500 <sup>(1)</sup>	Beneficial owner	5.1%	1.4%
E-Town International . . . . .	H Shares	102,036,500 <sup>(1)</sup>	Beneficial owner	5.1%	1.4%

(1) Assuming an Offer Price of HK\$7.60 (being the low end of the Offer Price range set out in this prospectus).

*(b) Interest in our subsidiaries*

<u>Shareholders</u>	<u>Approximate shareholding (%)</u>	<u>Subsidiaries of our Company</u>
Daimler AG . . . . .	38.665%	Beijing Benz
Daimler Greater China . . . . .	10.335%	Beijing Benz
Industry Investment . . . . .	20%	Beijing Hainachuan Investment Co., Ltd.

**C. Personal Guarantees**

Our Directors and Supervisors have not provided personal guarantees in favor of lenders in connection with banking facilities granted to us.

**D. Agency Fees or Commissions Paid or Payable**

Save as disclosed in the section headed “Underwriting” in this Prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries within the two years ended on the date of this Prospectus.

**E. Related Party Transactions**

During the two years preceding the date of this Prospectus, we have engaged in the material related party transactions as described in Note 38 to the financial information in the Accountant’s Report set out in Appendix I to this Prospectus.

**F. Disclaimers**

Save as disclosed in this Prospectus:

- (a) none of our Directors, Supervisors or chief executive of our Company has any interests and short positions in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors and Listed Companies to be notified to us and the Stock Exchange, in each case once our H Shares are listed. For this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors;
- (b) none of our Directors or Supervisors nor any of the parties listed in the paragraph headed “Qualification of experts” of this Appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this Prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;
- (c) none of our Directors or Supervisors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are listed on the Stock Exchange; save as disclosed in this Prospectus, none of

our Directors or Supervisors nor any of the parties listed in paragraph headed “Qualification of experts” of this Appendix is materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to our business;

- (d) none of the parties listed in the paragraph headed “Qualification of experts” of this Appendix: (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities; and
- (e) none of our Directors or Supervisors or their respective associates or any Shareholders of our Company (who to the knowledge of our Directors owns more than 5% of our issued share capital) has any interest in our five largest suppliers or our five largest customers.

#### 4. OTHER INFORMATION

##### A. Indemnity

On December 1, 2014, BAIC Group, as our Controlling Shareholder, made the following undertaking of indemnity (the “**Undertaking of Indemnity**”) in respect of defects in titles of certain lands and properties used by the Company and its subsidiaries:

1. For the title defects subject to rectifications of land use rights acquired by the Company from Zhuzhou Hi-Tech Construction Project Co., Ltd. (the “**Third Party**”), in the event there is dispute over the titles due to defective titles of such lands, BAIC Group will coordinate with the Third Party to solve the dispute. In connection with any claims, penalties (including but not limited to fines and penalties imposed by the relevant PRC regulatory authorities) or other losses (including but not limited to any costs, expenses and operating and business losses suffered by the Company and/or its subsidiaries resulting from the relocation of its properties or assets due to the defects of titles) against or incurred by the Company due to defective titles of such lands, if the Third Party did not make compensation or make full compensation for the losses suffered by the Company within 90 days after the claim was made by the Company against the Third Party, BAIC Group shall indemnify all or any outstanding compensation. After indemnifying the abovementioned losses, BAIC Group shall be entitled to enjoy the recourse right against the Third Party.
2. For the buildings with defective titles owned by Company’s Beijing branch, Zhuzhou branch and Powertrain, BAIC Group will assist these entities to apply for relevant building ownership certificates with the relevant housing management departments. In the event there is dispute over the titles due to defective titles of such buildings, BAIC Group shall coordinate to solve the dispute. In connection with any claims, penalties (including but not limited to fines and penalties imposed by the relevant PRC regulatory authorities) or other losses (including but not limited to any costs, expenses and operating and business losses suffered by the Company and/or its subsidiaries resulting from the relocation of its properties or assets due to the defects of titles) against or incurred by the Company or Powertrain due to defective titles of such buildings, BAIC Group shall indemnify in full all losses suffered by the Company or Powertrain.
3. For the buildings without building ownership certificates leased to Beijing Beinei Engine Parts and Components Co., Ltd. by Beijing Beinei Limited, a subsidiary of BAIC Group,

BAIC Group undertakes that Beijing Beinei Limited is entitled to own the aforesaid buildings and Beijing Beinei Engine Parts and Components Co., Ltd. is entitled to use such buildings undisputedly. If disputes over the ownership of such building arise, BAIC Group will be responsible for coordinating to resolve the disputes. In connection with any claims, penalties (including but not limited to fines and penalties imposed by the relevant PRC regulatory authorities) or other losses (including but not limited to any costs, expenses and operating and business losses suffered by the Company and/or its subsidiaries resulting from the relocation of its properties or assets due to the defects of titles) against the Beijing Beinei Engine Parts and Components Co., Ltd. due to defective titles of such buildings, BAIC Group shall indemnify in full all losses suffered by Beijing Beinei Engine Parts and Components Co., Ltd..

4. For the buildings used by Guangzhou Company with ownership defects subject to rectifications, BAIC Group will assist Guangzhou Company to apply for relevant building ownership certificates with the relevant housing management departments. In the event there is dispute over the titles due to defective titles of such buildings, BAIC Group shall coordinate to solve the dispute. In connection with any claims, penalties (including but not limited to fines and penalties imposed by the relevant PRC regulatory authorities) or other losses (including but not limited to any costs, expenses and operating and business losses suffered by the Company and/or Guangzhou Company resulting from the relocation of its properties or assets due to the defects of titles) against or incurred by the Company and/or Guangzhou Company due to defective titles of such buildings, BAIC Group shall indemnify in full all losses suffered by the Company and/or Guangzhou Company.
5. In addition to the above, if there are property defects to the lands and/or buildings owned by our Company and/or its subsidiaries, or those leased to us by BAIC Group and/or its subsidiaries, and disputes over such lands or buildings arise, BAIC Group shall coordinate to solve the dispute and compensate in full the penalties caused thereof (including but not limited to fines and penalties imposed by the relevant PRC regulatory authorities) or other losses (including but not limited to any costs, expenses and operating and business losses resulting from the relocation of its properties or assets due to the defects of titles) suffered by our Company and/or its subsidiaries.
6. For the buildings without building ownership certificates leased to the Company and/or its subsidiaries by any third parties other than BAIC Group, in the event there is dispute over the titles, BAIC Group will coordinate with the third parties to solve the dispute. In connection with any losses, claims, expenses and costs suffered by the Company and/or its subsidiaries due to titles disputes over such buildings, if the third parties did not make compensation or make full compensation for the losses (including but not limited to fines and penalties imposed by the relevant PRC regulatory authorities, as well as any costs, expenses and operating and business losses suffered by the Company and/or its subsidiaries resulting from the relocation of its properties or assets due to the defects of titles) suffered by the Company and/or its subsidiaries within 90 days after the claim was made the Company and/or its subsidiaries against the third parties, BAIC Group shall indemnify in full all or any outstanding compensation. After indemnifying the abovementioned losses, BAIC Group shall be entitled to enjoy the recourse right against the third parties.

**B. Estate Duty**

We have been advised that no material liability for estate duty under PRC law is likely to fall upon us.

**C. Litigation**

As at the Latest Practicable Date, our Group is not involved in any material litigation, arbitration or administrative proceedings. So far as we are aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

**D. Restrictions on share repurchases**

In accordance with Article 143 of the Company Law, a company may not repurchase its own shares, except under one of the following circumstances:

- (1) to reduce its capital;
- (2) to merge with another company that holds its shares;
- (3) to reward its staff and workers with shares;
- (4) when a shareholder who votes against the resolution of the shareholders' general meeting on the merger or division of the company requires the company to repurchase his shares.

When a company repurchases its own shares by reason of the provisions in (1) to (3) of the preceding clause, the resolution of the shareholders' general meeting shall be required. After a company has repurchased its own shares in accordance with the preceding clause by reason of the provision in (1), the repurchased shares shall be cancelled within ten days of the repurchase, and if by reason of the provision in (2) to (4), the repurchased shares shall be transferred or cancelled within six months.

When a company repurchases its shares by reason of the provision in (3) of the above clause, the amount of shares it repurchases shall not exceed 5% of total amount of shares it has already issued. Funds used to repurchase such shares shall be paid out of the after-tax profits of the company. The shares so repurchased shall be transferred to the staff and workers within one year.

A company may not be the pledgee of its own shares.

**E. Joint Sponsors**

Each of the Joint Sponsors has declared its independence pursuant to Rule 3A.07 of the Listing Rules. The Joint Sponsors have made an application on our behalf to the Listing Committee for listing of, and permission to deal in, our H Shares, including any Offer Shares which may be issued pursuant to the exercise of the Over-allotment Option. All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

We have entered into engagement agreements with the Joint Sponsors respectively, pursuant to which we agreed to pay HK\$3.2 million to the Joint Sponsors to act as the sponsors to our Company in the Global Offering.

**F. Preliminary Expenses**

Our preliminary expenses are approximately RMB90,190, and were borne by the Company.

**G. Qualification of Experts**

The qualifications of the experts who have follows:

<u>Name</u>	<u>Qualification</u>
PricewaterhouseCoopers .....	Certified public accountants
Jia Yuan Law Offices .....	PRC legal advisers
HSBC Corporate Finance (Hong Kong) Limited .....	Licensed to conduct Type 6 (advising on corporate finance) of regulated activities under the SFO
CITIC Securities Corporate Finance (HK) Limited .....	Licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of regulated activities under the SFO
Deutsche Securities Asia Limited .....	Licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) of regulated activities under the SFO
UBS Securities Hong Kong Limited .....	Licensed to conduct Type 1 (dealing in securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) of regulated activities under the SFO
Jones Lang LaSalle Corporate Appraisal and Advisory Limited . . . .	Independent property valuer and consultant
All China Marketing Research Co., Ltd. ....	Industry consultant

**H. No Material Adverse Change**

Our Directors confirm that there has been no material adverse change in our financial or trading position since June 30, 2014.

**I. Binding Effect**

This Prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

**J. Bilingual Prospectus**

The English language and Chinese language versions of this Prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

**K. Miscellaneous**

Save as disclosed in this Prospectus,

- (a) within the two years preceding the date of this Prospectus, we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;
- (b) no share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;
- (c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (d) the Company has no outstanding convertible debt securities or debentures;
- (e) within the two years immediately preceding the date of this Prospectus, no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any capital of the Company;
- (f) there is no arrangement under which future dividends are waived or agreed to be waived;
- (g) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months; and
- (h) none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

**L. Consents**

Each of the experts as referred to in the paragraph headed “Qualification of experts” in this Appendix has given, and has not withdrawn, their respective written consents to the issue of this Prospectus with the inclusion of their reports and/or letters and/or the references to their names included herein in the form and context in which they are respectively included.

None of the experts named above has any shareholding interests in any member of our Group or the right (other than the penal provisions) of sections 44A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

**M. Promoters**

Promoters of the Company are BAIC Group (previously known as BAIC Holding), Shougang Limited, BSAM, Modern Innovation, BSAMAC, and Beijing Energy Investment.

Save as disclosed in this Prospectus, within the two years immediately preceding the date of this Prospectus, no cash, securities or other interest have been paid, allotted or given to the above promoters in connections with the Hong Kong Public Offering or related transactions in this Prospectus.

## N. Particulars of the Selling Shareholders

Certain particulars of the Selling Shareholders are set out as follows:

	<u>Name</u>	<u>Description</u>	<u>Address</u>	<u>Number of Sale Shares (assuming the Over-allotment Option is not exercised)</u>	<u>Number of Sale Shares (assuming the Over-allotment Option is exercised in full)</u>
1.	Beijing Automotive Group Co., Ltd. (北京汽車集團有限公司)	Its principal businesses include the manufacture, sale, import and export of vehicles and spare parts, operation and management of state-owned assets, investment and investment management, technology development, service and consultancy, and real property development and sales.	No. 25, East 3rd Ring South Road, Beijing, China	99,516,829	114,444,353
2.	Beijing State-Owned Assets Management and Administration Center (北京國有資本經營管理中心)	The platform for capital maintenance and increment of state-owned assets as well as to support the Beijing Municipality Government's strategic adjustments to the state-owned assets and reorganization of state-owned enterprises.	No. 2, Huaibaishu Street, Xicheng District, Beijing, China	6,139,995	7,060,994
3.	Beijing Energy Investment Holding Co., Ltd. (北京能源投資(集團)有限公司)	A state-owned enterprise and its scope of businesses is subject to the provisions of relevant national laws and regulations with independent choice of businesses.	9/F, Tianyin Plaza A West, No. 2 Jia Fuxingmen Nandajie, Xicheng District, Beijing, China	5,841,445	6,717,662
4.	Beijing Industrial Developing Investment Management Co., Ltd. (北京工業發展投資管理有限公司)	Its principal businesses include investment and investment management, economic information consultancy, real property information consultancy (excluding brokerage), development, transfer, service, consultancy and training of technologies.	No. 6, Gongtibeilu, Chaoyang District, Beijing, China	1,121,731	1,289,991