北京汽車股份有限公司
BAIC MOTOR CORPORATION LIMITED*
（於中華人民共和國註冊成立的股份有限公司）
(A joint stock company incorporated in the People's Republic of China with limited liability)

BAIC MOTOR

二零一七年中期報告
Interim Report 2017

股份代號 Stock code:1958

* 僅供識別 For identification purpose only

北京汽车
BAIC MOTOR

行有道·达天下
Your Wish · Our Ways

Contents

Overview

The Board of Directors (the "Board") of BAIC Motor Corporation Limited (the "Company" or "we") presents the unaudited interim condensed financial information of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended June 30, 2017 ("interim period of 2017" or "Reporting Period"). The condensed financial information has been prepared in accordance with International Accounting Standard 34 ("IAS 34"), Interim Financial Reporting issued by the International Accounting Standards Board and the requirements of Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The interim results of the Group for 2017 have been approved by the Board. The unaudited interim condensed financial information set out in this report has been reviewed by PricewaterhouseCoopers, auditor of the Company.

In the first half of 2017, domestic macro economy moved steadily but still suffered from huge downward pressure. The growth of China's passenger vehicle market slowed down significantly as compared with the same period of 2016. The Group proactively responded to various challenges and achieved stable operating results: during the Reporting Period, Beijing Brand, Beijing Benz, Beijing Hyundai and Fujian Benz under the Group jointly sold 632,840 vehicles, and logged revenue of RMB66,737.1 million on a consolidated basis, profit attributable to equity holders of the Company of RMB985.7 million, and earnings per share of RMB0.13.

The Board did not present any proposal on paying interim dividends during the Reporting Period.

Beijing Brand Senova Offspace D70 Concept

PART ONE

CORPORATE INFORMATION

Legal Name of the Company

北京汽車股份有限公司

English Name of the Company

BAIC Motor Corporation Limited[1]

Registered Office

Building Five, Block 25 Shuntong Road, Shunyi District, Beijing 101300, China

Headquarters

99 Shuanghe Street, Renhe Town, Shunyi District, Beijing 101300, China

Principal Place of Business in Hong Kong

36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong

Authorized Representatives

Mr. Li Feng[2]
5/F, 99 Shuanghe Street, Renhe Town, Shunyi District, Beijing, China

Mr. Chen Hongliang[3]
5/F, 99 Shuanghe Street, Renhe Town, Shunyi District, Beijing, China

Ms. Sun Ke[4]
5/F, 99 Shuanghe Street, Renhe Town, Shunyi District, Beijing, China

Mr. Gu Xin[5]
5/F, 99 Shuanghe Street, Renhe Town, Shunyi District, Beijing, China

Company Secretary

Ms. Sun Ke[4]
5/F, 99 Shuanghe Street, Renhe Town, Shunyi District, Beijing, China

Mr. Gu Xin[5]
5/F, 99 Shuanghe Street, Renhe Town, Shunyi District, Beijing, China

Company Secretary Assistant

Ms. Mok Ming Wai
36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong

Auditor (External Audit Firm)

PricewaterhouseCoopers
Certified Public Accountants
22/F Prince's Building, Central, Hong Kong

Principal Banks

Bank of Beijing, Jinyun Branch
Block A, Jinyun Building, A43 Xizhimen North Street, Haidian District, Beijing, China

China CITIC Bank, Olympic Village Branch
No. 309 HuizhongBeili, Chaoyang District, Beijing, China

H Share Registrar

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17/F Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong

H Share Stock Code

1958

Investor Enquiry

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1 For reference only
2 Resigned from this position on June 23, 2017
3 Appointed on June 23, 2017
4 Resigned from this position on September 20, 2017
5 Appointed on September 20, 2017

PART TWO

SUMMARY OF FINANCIAL AND BUSINESS INFORMATION

I. Major Financial Summary

Summary of comprehensive financial information of the Group for the six months ended June 30, 2017 is as follows:

Unit: RMB million

Item	Six months ended June 30 2017 (Unaudited)	2016 (Unaudited)
Revenue	**66,737**	49,039
Cost of sales	**(49,246)**	(38,285)
Gross profit	**17,491**	10,754
Selling and distribution expenses	**(6,219)**	(4,554)
General and administrative expenses	**(2,123)**	(1,923)
Other losses, net	**(809)**	(247)
Finance costs, net	**(326)**	(255)
Share of (loss)/profit of investments accounted for using equity method	**(132)**	1,979
Profit before income tax	**7,882**	5,754
Income tax expense	**(2,834)**	(1,334)
Profit for the period	**5,048**	4,420
Profit attributable to		
Equity holders of the Company	**986**	2,411
Non-controlling interests	**4,062**	2,009
Earnings per share for profit attributable to equity holders of the Company during the period (RMB per share)		
Basic and diluted	**0.13**	0.32

Total assets, total liabilities and non-controlling interests	**As at June 30, 2017 (Unaudited)**	As at December 31, 2016 (Audited)
Total assets	**167,376**	168,900
Total liabilities	**113,253**	110,867
Non-controlling interests	**14,339**	17,873

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SUMMARY OF FINANCIAL AND BUSINESS INFORMATION

II. Major Performance Summary

The sales volume of vehicles of each passenger vehicle business segment of the Group for the first half of 2017 is as follows:

Unit: unit

Business segment	**First half of 2017 Cumulative sales volume**	First half of 2016 Cumulative sales volume
Beijing Brand	**110,651**	203,001
Senova	**42,642**	92,017
BJ	**15,801**	2,266
Wevan	**39,993**	93,569
New energy	**12,215**	15,149
Beijing Benz	**210,809**	143,398
Beijing Hyundai	**301,277**	522,769
Fujian Benz	**10,103**	5,171

Note: The Company completed the change in industrial and administrative registration in respect of the acquisition of 35.0% equity interest in Fujian Benz Automotive Co., Ltd. ("Fujian Benz") on September 18, 2016. In addition, Fujian Motor Industry Group Co. ("FJMOTOR") shall act in concert with the Company in terms of the operation and management of Fujian Benz and other matters, while the director(s) appointed by FJMOTOR shall exercise its rights as a director in concert with the Company. Therefore, Fujian Benz has officially become a joint venture of the Company. The sales volume of Fujian Benz for the first half of 2016 is set out here to maintain comparability.

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COMPANY PROFILE AND BUSINESS OVERVIEW

I. Overview

We are a leading enterprise of passenger vehicles in China, and are one of the manufacturers with the most optimized brand layout and business system in the industry. Our brands cover business segments of joint venture premium passenger vehicles, joint venture premium commercial vehicles, joint venture mid- to high-end passenger vehicles and proprietary brand passenger vehicles, which can maximally satisfy various consumers' demands, and we are also the leader of pure electric passenger vehicle market in China.

The Company completed its H Shares initial public offering and was listed on the Main Board of the Stock Exchange on December 19, 2014 (H Share stock abbreviation: BAIC Motor; H Share stock code: 1958).

II. Major Business Operations

The Group's major business operations include research, development, manufacturing and sales of passenger vehicles and after-sale services, production of core parts and components of passenger vehicles, car financing and other related businesses. We keep developing industry chains and strengthening our brands.

Passenger vehicles

Currently, the Group's passenger vehicle business is conducted through four business segments, namely Beijing Brand, Beijing Benz, Beijing Hyundai and Fujian Benz.

1. Beijing Brand

Beijing Brand is our proprietary brand, and the Group holds the entire interest of Beijing Brand's business. Currently, business of Beijing Brand is operated under four series, i.e. Senova, BJ, Wevan and New Energy Vehicle, which are now selling over ten models on the market, covering a full range of sedans, SUV, CUV, MPV models and new energy vehicles.

Senova

"Senova" is a mid- to high-end passenger vehicle product series under our proprietary brands and targets consumers who value both vehicle performance and cost efficiency. "Dedication to Performance" is the brand essence of Senova.

BJ

"BJ" series is a pioneer brand of pure BAIC which is inherited from the half century long military vehicle with a strong DNA of die-hard off-road vehicle. "Pure Cross-Country, Absolutely Boundless" is the brand philosophy of BJ.

Wevan

The "Wevan" series focuses on CUV, MPV and SUV models, and targets small and micro businesses and individuals. "Leading to blissful future" is the brand philosophy of Wevan.

Beijing Brand
Baic Senova
ALL NEW D50

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COMPANY PROFILE AND BUSINESS OVERVIEW

New Energy Vehicle

Along with manufacturing of traditional oil-powered passenger vehicles, Beijing Brand business has also actively promoted production of new energy vehicles that adapted from conventional oil-powered car models, and it's now taking the leading position in domestic pure electric vehicle manufactures.

2. Beijing Benz

Beijing Benz Automotive Co., Ltd. ("Beijing Benz") is our subsidiary. The Company holds 51.0% equity interest of Beijing Benz, while Daimler AG ("Daimler AG") and its wholly-owned subsidiary, Daimler Greater China Ltd. ("Daimler Greater China"), together hold 49.0% equity interest of Beijing Benz. Beijing Benz commenced the manufacturing and sales of passenger vehicles of Mercedes-Benz brand in 2006.

Beijing Benz currently manufactures and sells four types of Mercedes-Benz vehicles, namely the E-Class sedan, the C-Class sedan, GLC-Class SUV and GLA-Class SUV.

3. Beijing Hyundai

Beijing Hyundai Motor Co., Ltd. ("Beijing Hyundai") is our joint venture. The Company holds 50.0% equity interest of Beijing Hyundai through its subsidiary BAIC Investment Co., Ltd. ("BAIC Investment"), while Hyundai Motor Company ("Hyundai Motor") holds another 50.0% equity interest of Beijing Hyundai. Beijing Hyundai commenced the manufacturing and sales of passenger vehicles of Hyundai brand in 2002.

Beijing Hyundai currently manufactures and sells over ten types of vehicles, covering a full range of major car models including middle class, compact and A0 class models, as well as SUV models. The models on sale now primarily include All New Santa Fe, All New Tucson, the Ninth-Generation Sonata, New Mistra, Elantra and All New Celesta, which can satisfy various consumers' demands.

4. Fujian Benz

Fujian Benz is our joint venture. The Company holds 35.0% equity interest in Fujian Benz, and enters into an act-in-concert agreement with FJMOTOR, which holds 15.0% equity interest in Fujian Benz. The consensus will be reached while making decisions regarding the operation, management and other matters of Fujian Benz, upon exercising the power by the directors appointed by FJMOTOR. Daimler Vans Limited (Hong Kong) holds the remaining 50.0% equity interest of Fujian Benz. Fujian Benz commenced the manufacturing and sales of MPV and light bus of Mercedes-Benz brand in 2010.

Fujian Benz currently manufactures and sells three major types of Mercedes-Benz vehicles, including the V-class model, New Vito and Sprinter, maintaining an edge in the field of joint venture premium commercial vehicles.

Core parts and components for passenger vehicles

Besides manufacturing of whole vehicles, we also produce engines, powertrain, and other core parts and components for passenger vehicles through the production bases of Beijing Brand, Beijing Benz and Beijing Hyundai.

In respect of Beijing Brand, we manufacture engines and other core automobile parts and components through entities including Powertrain Co., Ltd. ("Powertrain"), mainly for use in our whole vehicles as well as for sale to other automobile manufacturers.

Beijing Benz commenced the manufacturing of engines in 2013, and it is the first and largest engine manufacturing base of Daimler Group outside Germany. Beijing Benz currently has two engine factories, and its specific product offerings include M270, M274 and M276 engines.

Beijing Hyundai commenced the manufacturing of engines in 2004. Its specific product offerings cover six major series including Gamma1.6 MPI/GDI and Gamma1.6 Turbo-GDI. These engines are industry-leading in terms of technology and power, mainly for use in Hyundai-branded passenger vehicles manufactured by Beijing Hyundai.

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COMPANY PROFILE AND BUSINESS OVERVIEW

Car financing

We conduct car financing and automobile aftermarket related businesses of Beijing Brand, Mercedes-Benz brand and Hyundai brand through associates including BAIC Group Finance Co., Ltd. ("BAIC Finance"), Mercedes-Benz Leasing Co. Ltd ("MBLC") and Beijing Hyundai Auto Finance Company Limited ("BHAF") and continue to promote the rapid development of car financing business through capital investment and business cooperation, etc.

Other related businesses

In the first half of 2017, we continued to conduct research and development of high-end passenger vehicles and light materials and used car businesses through relevant associates.

III. Industry Development in the First Half of 2017

Passenger vehicle sector development during the first half of 2017

In the first half of 2017, China's GDP reached RMB38,149 billion, representing a year-on-year increase of 6.9% on comparable price basis, indicating a stable macro-economy. In general, the economic growth shifted to a new gear, structural adjustment experienced pressure, both new and old powers have been intertwined in the age of transformation, the task of supply-side structural reform was arduous; the economic growth was under downturn pressure, and there have been more challenges with macro-economic policies, resulting in more uncertainty to the development of passenger vehicle industry.

Affected by various factors such as the macro-economic environment and preferential policies of tax on vehicle purchases the sales of passenger vehicles grow significantly slower in the first half of 2017 comparing to that in 2016. According to the statistics of China Association of Automobile Manufactures (the "CAAM"), the sales volume of passenger vehicles in the first half of 2017 amounted to 11.253 million, representing a year-on-year increase of 1.6%, which was 7.6 percentage points lower than that of the corresponding period of 2016.

In terms of segmented market, SUV products continued to maintain rapid growth with the accumulated sales volume amounting to 4.527 million in the first half of 2017, representing a year-on-year increase of 16.8%; while the sales of sedan, MPV and CUV were lower than expected, indicating a downward trend as compared with that of the corresponding period of 2016.

In terms of series market, the domestic branded vehicles remained their leading positions. The sales volume of passenger vehicles amounted to 4.940 million in the first half of 2017, representing a year-on-year growth of 4.3%, and the market share increased by 1.1 percentage points to 43.9% as compared with that of the corresponding period last year; the domestic branded SUV products maintained their leading position in the SUV market with the sales volume amounting to 2.700 million, representing a year-on-year growth of 24.4%.

In terms of new energy passenger vehicles, in the first half of 2017, the sales volume amounted to 164,000 with a year-on-year growth of 35.9%. The sales volume of pure electric passenger vehicles amounted to 132,000, representing a year-on-year increase of 62.9%.

IV. Operational Performance of the Group in the First Half of 2017

Operational performance by brands

In 2017, the Group dedicates in deepening the reform and technique innovation, optimizing the integration of industry chain, and actively developing further corporation with other enterprises. During the first half of 2017, facing the stagnant growth in passenger vehicle market and intensified competition, the Board of Directors and the management addressed challenges directly and took active approach in their response. In particular, Beijing Benz and Fujian Benz continued to ride on a rapid growth momentum and made a number of historic breakthroughs; Beijing Brand and Beijing Hyundai made fast adjustment under multiple impacts from the industry and other aspects and maintained relatively stable.

1. Beijing Brand

Affected by external factors such as slowdown of industry growth and adjustment to vehicle purchase tax preference policies, and restrained by internal factors such as periodic shifting gear of its own products and adjustment to product structure: during the Reporting Period, the accumulated sales volume of Beijing Brand amounted to 111,000, representing a year-on-year decrease of 45.5%.

To address the business slowdown, the Company took active actions to strengthen its project management and control capability and made more efforts in research and development with an aim to maintain stable results of operation and increase its market share by means of launching new products by starting with strategy evaluation, quality improvement, marketing innovation and product structure optimization.

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COMPANY PROFILE AND BUSINESS OVERVIEW

Despite the adjustment of overall results, in the first half of 2017, Beijing Brand still made satisfactory achievements in adjustment of product structure, launch of new energy products and differentiation strategies:

In terms of product structure, Beijing Brand continued to implement the E (new energy) + S (SUV) ("E+S") product strategy vigorously and continued to strengthen the research and development as well as production and sales of E+S products. In the first half of 2017, the sales of E+S products of Beijing Brand hit a record as to 65.9%, representing a year-on-year increase of 10.2 percentage points;

In terms of new energy products, in the first half of 2017, Beijing Brand launched three types of pure electric new energy products, namely EX260, EH300 and EU400, further diversified its product series and increased the endurance mileage in the integrated operating condition to 360km, which further provided a solution to address customers' anxiety about the mileage of pure electric vehicles and maintained its lead in the industry;

In terms of differentiation product strategies, the off-road vehicles products of Beijing Brand were well recognized and accepted by the market. The BJ80 model successfully became the special vehicles for military parade during the "20th Anniversary of Hong Kong's Return to the Motherland" and "90th Founding Anniversary of the Chinese People's Liberation Army", which enhanced the market reputation of the BJ branded series product "Celebrity Off-Road".

2. Beijing Benz

During the first half of 2017, Beijing Benz continued its exponential growth as a leader in China's booming luxury car market. During the Reporting Period, Beijing Benz realized sales of whole vehicles amounting to 211,000, representing a year-on-year increase of 47.0%, and secured its position as the second largest manufacturer of joint venture premium brands.

In terms of sales of segmented products, the three major types of Beijing Benz vehicles, namely the E-Class sedan, the C-Class sedan and GLC-Class SUV, recorded strong sales of over ten thousand units in the first half of 2017. GLA-Class SUV was launched upon mid-term replacement and achieved satisfactory sales performance.

In terms of optimization of production capacity, Beijing Benz is also accelerating the construction of plants. In the first half of 2017, Beijing Benz commenced the construction of its second engine factory and the production line of punching, welding and coating in its front-wheel-drive vehicles plant, and such new production facilities, once completed, will further satisfy the production demands of the next stage.

In the meantime, Beijing Benz is also actively striving for a new energy product layout. On July 5, 2017, the Company entered into a framework agreement with Daimler, pursuant to which the Company, Daimler and Daimler Greater China intended to jointly increase their investments in Beijing Benz by approximately RMB5 billion for the purpose of introducing the pure electric vehicles products of Daimler for Beijing Benz and establishing localized battery production and R&D capability for new energy vehicles. The conclusion of the above-mentioned agreements will lay the foundation for Beijing Benz to maintain its leading position in future competition of new energy products.

3. Beijing Hyundai

With the slower growth rate of passenger vehicle market and the market downturn of Korean branded vehicles, during the first half of 2017, Beijing Hyundai encountered fluctuations in sales performance. During the Reporting Period, Beijing Hyundai realized sales of whole vehicles amounting to 301,000, representing a year-on-year decline of 42.4%.

Facing the challenges, Beijing Hyundai took active actions and made adjustments, including adjusting product structure and production and sale plans and paces as well as enhancing terminal sales. After entering into the second quarter of 2017, the monthly terminal sales of Beijing Hyundai gradually recovered, and have achieved a consistent and steady rebound.

In the meantime, Beijing Hyundai focused on propelling and accelerating its localization strategies with its China exclusive platform expanded to four series including RUINA, CELASTA, MISTRA and IX, realizing full coverage of all market segments for small, medium-end, mid-to-high end vehicles as well as SUV, providing differentiated services to China's market.

Meanwhile, Beijing Hyundai also implemented plans in new energy strategy and intelligence strategy, and successively carried forward NEW new energy plan and Blue-Melody intelligence strategy. Subsequent to the ninth-generation hybrid-powered Sonata, Beijing Hyundai launched its first pure electric product-New Elantra EV, providing efficient, intelligent, shared and personalized intelligence experience and services to more users.

The Chongqing plant of Beijing Hyundai was completed in July 2017. Beijing Hyundai aims to establish such plant as a world-leading high-quality, intelligent and environmental friendly factory, which constitutes the integral part of the initiatives to implement the national development strategies of "Yangtze River Economic Zone" and "Belt and Road". Beijing Hyundai will deepen its localized operational strategy in a comprehensive manner, give full play to its geographical advantages, accelerate its integration into the development of economy, culture and society in the Southwest region, and fully meet the demand of local consumers.

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COMPANY PROFILE AND BUSINESS OVERVIEW

4. Fujian Benz

Leveraging on the market drive of new models such as V-Class vehicles, in the first half of 2017, Fujian Benz realized sales of whole vehicles amounting to 10,100, representing a year-on-year increase of 95.4%, maintaining a good momentum of rapid growth. With the constant development of communication and cooperation between the Company and Daimler, we believe that Fujian Benz will make further breakthrough in optimizing product structure and other fields.

Sales network

The Group always attaches great importance to the interests of customers, and strives to optimize its product-service system, in order to ensure that product distributors and customers are able to receive timely, efficient, accurate and high quality services. In the first half of 2017, the Group strengthened its efforts in widening penetration of automobile sales network. Especially for Beijing Brand and Beijing Hyundai, the Group vigorously promoted the construction of satellite stores, so that the automobile sales network is no longer confined to the traditional 4S shop model, thus enhancing its sales efforts.

Research and development

The Group believes that our research and development capability is critical to the future development. In the first half of 2017, our various brands consistently and vigorously boosted construction of research and development system and capacity.

In the first half of 2017, Beijing Brand made greater breakthroughs in research and development in style, intelligence, electrification, big data, performance and light-weight technology. It has achieved remarkable success in styling, with Senova OFFSPACE being awarded the "Best Concept Car Award" by CAR STYLING, a world-known car styling design magazine, and thus becoming the first concept car of Chinese brand appeared in a world-known magazine. In respect of electrification, EU400 was successfully launched, which further relieved the anxiety of customers about endurance mileage against pure electric vehicles. Meanwhile, during Las Vegas International Consumer Electronics Show[6] in January 2017, the Company released its "NOVA-PLS" strategy for intelligent products.

Currently, Beijing Benz has the largest research and development center among all joint ventures of Daimler, with 7 state-of-the-art laboratories testing climate corrosion, vehicle emissions, engines and vibration noise, as well as trial production workshops and test runway, which provides major technical support for research and development and manufacturing of Mercedes-Benz's domestic models.

In the first half of 2017, Beijing Hyundai completed the independent research and development of Elantra, a pure electric vehicle, which, together with the completed 9th generation Sonata hybrid power model and fuel consumption improvement projects with all new Santa Fe and Tucson, enables the enterprise satisfying regulatory requirements on fuel consumption.

[6] International Consumer Electronics Show ("CES"), a show hosted by Consumer Technology Association ("CTA"), with a view to promoting the integration of cutting-edge electronic technology with modern life. Starting from 1967, the show has become the platform for major electronics companies around the world to release product information, demonstrate their capability in high technology and advocate the future lifestyle.

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COMPANY PROFILE AND BUSINESS OVERVIEW

Production facilities

We have specialized production facilities to manufacture and assemble products. All of our manufacturing bases are located in China, and are equipped with advanced production facilities. All of our production facilities are equipped with flexible production lines, which allow each production line to produce different models of passenger vehicles. We believe that this not only allows us to flexibly change production plans and respond quickly to changes in market demand, but also reduces our capital expenditures and operating costs.

Industry chain extension and cooperation

On June 23, 2017, the Company entered into a capital increase agreement with Daimler Greater China, pursuant to which both parties contributed an amount of RMB500.0 million to MBLC in proportion to the original shareholding in MBLC. The Company contributed RMB175.0 million, and it continued to hold 35.0% equity interest in MBLC after such capital increase. Driven by the successful development of Mercedes-Benz branded automobiles in China, MBLC's business volume has witnessed a rapid rise in recent years. It is expected that MBLC's business volume will further expand in the next few years with the rapid development of China's automobile leasing and automobile financing market. Such contribution is also expected to indirectly expand the sales volume of new vehicles sold by Beijing Benz, which will bring higher return on investment for the Company and the Shareholders.

On July 20, 2017, the Company entered into a capital increase agreement with BJEV, pursuant to which the Company subscribed for the additional 223,600,000 shares issued by BJEV at a consideration of RMB1,185.08 million in aggregate by means of assets and cash. Upon completion of the capital increase, the Company held 8.15% equity interests in BJEV. As one of the participants in such capital increase, the Company can enhance its overall profitability and return to its Shareholders by sharing the operating results and investment return of BJEV in the future.

V. Business Outlook for the Second Half of 2017

In the second half of 2017, the demand in China of passenger vehicle market is still expected to be susceptible to the abortion of purchase tax concession, which together with concentrated new product launches by auto-mobile manufacturers would present a compounding effect and result in further intensified competition. In 2017, China's passenger vehicle market is expected to sustain momentum surrounding China brands, luxury vehicle products demand is expected to further increase, and there shall be a healthy growth in the area of new energy products; meanwhile, supervision of policy enforcement will remain strict, particularly for traditional fuel auto-mobile manufacturers, and it is expected to be the same for passenger vehicle sector as a whole.

With the continued penetration of Internet and intellectual products, in the second half of 2017, more traditional auto-mobile manufacturers are expected to engage leading players in Internet and related sectors in close cooperation. With the preliminary development and gradual refinement of business cooperation model, by cross-sector cooperation and integration of user bases, such initiatives can further improve user awareness and satisfactory with intellectual features of vehicles, and will gradually shape a mainstream of intellectual and connected auto-mobiles in future.

PART FOUR

GOVERNANCE PRACTICE

I. Corporate Governance

Compliance with the Corporate Governance Code

The Company has been building and maintaining a high level of corporate governance so as to protect the rights and interests of Shareholders and enhance the Company's corporate value and sense of responsibility. With reference to the code provisions under the Corporate Governance Code, the Company has established a modern and balanced corporate governance structure which comprises a number of independently operated bodies including General Meetings, the Board of Supervisors, the Board of Directors, and Senior Management. The Company had complied with the code provisions set out in the Corporate Governance Code throughout the Reporting Period.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code in Appendix 10 to the Listing Rules as the code of conduct for dealing in securities of the Company by all our Directors and Supervisors. In response to the Company's enquiries, all Directors and Supervisors have confirmed that they strictly complied with the code provisions of the Model Code during the Reporting Period.

Changes in Composition of the Board and the Committees

The three-year term of the Company's second session of the Board and the Board of Supervisors expired on September 8, 2016. As the nomination work of Directors and Supervisors requires completion of certain process, in order to provide continuity to the Board and the Board of Supervisors, the terms of the second session of the Board and the second session of the Board of Supervisors have been extended until the new session of the Board and the Board of Supervisors are approved by Shareholders at the General Meeting in accordance with the Articles of Association. The Company's China Legal Advisor, JunHe LLP, considers that the postponed formation of the second session of the Board and the Board of Supervisors, and the continuation by the existing Directors and Supervisors to execute their duties until the General Meeting approving the new session of the Board and the Board of Supervisors do not contravene the requirements under the Company Law of the PRC or the Company's Articles of Association.

On April 21, 2017, the Company convened its extraordinary General Meeting, in which the appointment of the directors of the third session of the Board was approved. On the same day, the third session of the Board approved the membership of the Special Committees. At the first meeting of the third session of the Board held on the same day, Mr. Xu Heyi was re-appointed as the chairman of the Board, Mr. Chen Hongliang was appointed as the president of the Company, the chairmen and the members for the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy Committee were also appointed. The term of offices of above personnel is from April 21, 2017 up to the expiration of the term of the then session of the Board. Please refer to the announcement dated April 21, 2017 of the Company for details.

Due to the job adjustment of the relevant candidates for the Board of Supervisors, the term of the Board of Supervisors, the retirement and the appointment procedures have not been completed and the second session of the Board of Supervisors are further extended until the new session of

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GOVERNANCE PRACTICE

the Board of Supervisors are approved by Shareholders at the General Meeting in accordance with the Articles of Association. Please refer to the relevant announcement dated March 7, 2017 of the Company for details.

On June 23, 2017, the Company convened its annual General Meeting for 2016, in which Mr. Chen Hongliang was appointed as the executive Director, effective from June 23, 2017 up to the expiration of the term of office of the third session of the Board. Since the appointment of Mr. Chen Hongliang became effective, Mr. Li Feng ceased to be the executive Director due to the job requirement. At the same time, Mr. Chen Hongliang, an executive Director, was appointed as the member of the Strategy Committee and the Remuneration Committee, effective from June 23, 2017 up to the expiration of the term of office of the third session of the Board. Upon the appointment of Mr. Chen Hongliang, Mr. Li Feng ceased to be the member of the Strategy Committee and the Remuneration Committee. Please refer to the relevant announcement dated June 23, 2017 of the Company for details.

Save as disclosed above, as of the Latest Practicable Date, there was no change in the composition of the Board, the Strategy Committee, the Audit Committee, the Nomination Committee and the Remuneration Committee of the Board.

Information on Changes in Directors, Supervisors and Senior Management

Directors

Due to work needs, Mr. Li Feng ceased acting as president of the Company on March 6, 2017. On the same day, the Board of Directors appointed Mr. Chen Hongliang as president of the Company, from March 6, 2017 until the expiry of the term of office of the second session of the Board of Directors. Moreover, on April 21, 2017, Mr. Chen Hongliang was reappointed as president of the Company upon election by the Board of Directors, with a term ending upon the expiry of the term of office of the third session of the Board of Directors. Besides, on June 23, 2017, Mr. Li Feng ceased to be our authorized representative under Rule 3.05 of the Listing Rules ("Authorized Representative") and Mr. Chen Hongliang was appointed as our Authorized Representative. The appointment became effective from June 23, 2017. For details, please refer to the relevant announcements by the Company dated April 21 and June 23, 2017.

Senior Management

Mr. Liu Zhifeng ceased to be vice-president of the Company on March 6, 2017 and the Board of Directors appointed Mr. Huang Wenbing as vice-president of the Company, from March 6, 2017 until the expiry of the term of office of the second session of the Board of Directors. Moreover, on April 21, 2017, Mr. Huang Wenbing was reappointed as vice-president of the Company upon election by the Board of Directors, with a term ending upon the expiry of the term of office of the third session of the Board of Directors. On June 15, 2017, Mr. Zhou Yanming relinquished his position as vice-president of the Company, and the Board of Directors appointed Mr. Chen Wei and Mr. Li Deren as vice-presidents of the Company, from June 15, 2017 until the expiry of the term of office of the third session of the Board of Directors.

On August 28, 2017, Mr. Gu Lei ceased to be the Vice-president of the Company, and Ms. Sun Ke ceased to be the secretary to the Board of the Company. On the same day, the Board appointed Mr. Gu Xin (顧鑫) as the secretary to the Board of the Company.

On September 20, 2017, Ms. Sun Ke ceased to be our company secretary and Authorized Representative. On the same day, the Board appointed Mr. Gu Xin as our company secretary and Ms. Mok Ming Wai, a director of KCS Hong Kong Limited, continues to be our company secretary assistant. Mr. Gu Xin also succeeds Ms. Sun as Authorized Representative. All these appointments became effective on September 20, 2017. With regard to the appointment of Mr. Gu Xin, the Company has been granted by the Stock Exchange a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules. The validity period of the waiver is three years. For details, please refer to the relevant announcement of the Company dated September 20, 2017.

Save as disclosed above, as of the Latest Practicable Date, there was no other change in the Directors, Supervisors and Senior Management. Further, the Directors, Supervisors and Senior Management confirmed that there was no information to be disclosed in accordance with Rule 13.51B(1) of Listing Rules.

Interim Dividend

The Board has not made any recommendation on the payment of an interim dividend for the six months ended June 30, 2017.

Audit Committee

The Company has established the Audit Committee with written terms of reference. The Audit Committee comprises three members, namely Mr. Wong Lung Tak Patrick (Chairman), Mr. Zhang Jianyong and Mr. Liu Kaixiang, of whom two are independent non-executive Directors. The Audit Committee has reviewed with the management the accounting standards and practices adopted by the Group and reviewed the unaudited interim financial statements for the six months ended June 30, 2017, the 2017 interim results and the 2017 interim report of the Group.

PART FOUR

GOVERNANCE PRACTICE

Purchase, Sale or Redemption of Listed Securities

The Company and its subsidiaries did not purchase, sell or redeem any of the Company's listed securities during the Reporting Period.

Interests and Short Positions of Directors, Supervisors and Senior Management in Shares, Underlying Shares and Debentures

As of June 30, 2017, none of the Company's Directors, Supervisors or Senior Management had interests or short positions (including deemed interests and deemed short positions according to the relevant clauses of the SFO) in any shares, underlying shares or debentures in the Company or any relevant entities (as defined under Part XV of the SFO) that were required to be notified to the Company and the Stock Exchange under Division 7 and Division 8 of Part XV of the SFO, nor any interests or short positions that were required to be recorded in the register under Section 352 of the SFO, nor any interests or short positions that were required to be notified to the Company and the Stock Exchange according to the Model Code.

Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares

As at June 30, 2017, to the best knowledge of the Directors, the following entities/persons (except for the Directors, Supervisors and Senior Management of the Company) had interests or short positions in the Shares or underlying shares which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 in Part XV of SFO, or recorded in the register required to be kept under section 336 of the SFO, or who were directly and/or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the General Meeting of the Company:

Name of shareholder	Type of Share	Number of shares held/relevant shares(Note 1)	Percentage to relevant share type (%)(Note 2)	Percentage to the total share capital (%)
BAIC Group	Domestic shares	3,416,659,704(L)	62.18	44.98
Beijing Shougang Co., Ltd	Domestic shares	1,028,748,707(L)	18.72	13.54
Shenzhen Benyuan Jinghong Equity Investment Fund (Limited Partner)	Domestic shares	342,138,918(L)	6.23	4.50
Daimler AG	H Share	765,818,182(L)	36.46	10.08
Easy Smart Limited	H Share	278,651,500(L)	13.26	3.67

Notes:

1. (L) – Long position, (S) – Short position, (P) – Shares can be loaned.
2. The percentage is calculated by the number of shares held by relevant person/the number of shares of relevant types issued by June 30, 2017.

Material Litigation and Arbitration

As of June 30, 2017, the Company had no material litigation or arbitration. The Directors were also not aware of any litigation or claims which were pending or had significant adverse effect on the Company.

PART FOUR

GOVERNANCE PRACTICE

II. Directors, Supervisors and Senior Management

As of the Latest Practicable Date, the Directors, Supervisors and Senior Management of the Company are:

Directors

Name	Title
Mr. Xu Heyi	Chairman and Non-executive Director
Mr. Zhang Xiyong	Non-executive Director
Mr. Zhang Jianyong	Non-executive Director
Mr. Chen Hongliang	Executive Director and President
Mr. Qiu Yinfu	Non-executive Director
Mr. Hubertus Troska	Non-executive Director
Mr. Bodo Uebber	Non-executive Director
Mr. Guo Xianpeng	Non-executive Director
Ms. Wang Jing	Non-executive Director
Mr. Zhu Baocheng	Non-executive Director
Mr. Ge Songlin	Independent Non-executive Director
Mr. Wong Lung Tak Patrick	Independent Non-executive Director
Mr. Bao Robert Xiaochen	Independent Non-executive Director
Mr. Zhao Fuquan	Independent Non-executive Director
Mr. Liu Kaixiang	Independent Non-executive Director

Supervisors

Name	Title
Mr. Zhang Yuguo	Chairman of the Board of Supervisors
Mr. Wang Min	Supervisor
Mr. Yu Wei	Supervisor
Mr. Zhu Zhenghua	Supervisor
Ms. Li Chengjun	Employee Representative Supervisor
Mr. Zhang Guofu	Employee Representative Supervisor
Mr. Wang Jianping	Employee Representative Supervisor
Mr. Pang Minjing	Independent Supervisor
Mr. Zhan Zhaohui	Independent Supervisor

PART FOUR

GOVERNANCE PRACTICE

Senior Management

Name	Title
Mr. Chen Hongliang	President
Mr. Liu Yu	Vice-president
Mr. Wang Zhang	Vice-president
Mr. Chen Guixiang	Vice-president
Mr. Chen Wei	Vice-president
Mr. Xie Wei	Vice-president
Mr. Cai Jianjun	Vice-president
Mr. Li Deren	Vice-president
Mr. Huang Wenbing	Vice-president
Mr. Gu Xin	Secretary to the Board and Company Secretary

PART FIVE

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The Group's primary business is in the research and development, manufacturing, sale and after-sales service of passenger vehicles, which brings lasting and stable income for the Group. The Group's revenue increased to RMB66,737.1 million in the first half of 2017 from RMB49,038.8 million for the same period of 2016, mainly contributed by the increase in the revenue of Beijing Benz.

The revenue associated with Beijing Benz increased from RMB37,368.5 million in the first half of 2016 to RMB58,313.3 million for the same period in 2017, representing a year-on-year increase of 56.0%, mainly due to (i) year-on-year increase of 47.0% in Beijing Benz sales volume; and (ii) the increase of average revenue due to increase in the sales volume of higher priced models.

The revenue associated with Beijing Brand decreased from RMB11,670.3 million in the first half of 2016 to RMB8,423.8 million for the same period in 2017, representing a year-on-year decrease of 27.8%, mainly contributed by (i) year-on-year decrease of 45.5% in Beijing Brand sales volume; (ii) the additional price promotion offered by Beijing Brand in order to cope with impacts such as the slowdown in growth of domestic passenger vehicles industry and the adjustment of preferential policy for automobile purchase tax; and (iii) impact of decrease in sales volume partially offset by increase in the sales contribution of higher priced E+S products.

Cost of Sales

The Group's cost of sales increased to RMB49,246.4 million in the first half of 2017 from RMB38,284.4 million for the same period of 2016, mainly contributed by the increase in the cost of Beijing Benz.

The cost of sales associated with Beijing Benz increased from RMB26,886.4 million in the first half of 2016 to RMB39,564.5 million for the same period in 2017, up by 47.2% year-on-year, mainly due to (i) year-on-year increase in Beijing Benz sales volume; and (ii) the increase in average cost due to increase in the sales volume of higher priced models.

The cost of sales associated with Beijing Brand decreased from RMB11,398.0 million in the first half of 2016 to RMB9,681.9 million for the same period in 2017, down by 15.1% year-on-year, mainly contributed by (i) year-on-year decrease in Beijing Brand sales volume; and (ii) the increase in average cost due to increase in the sales contribution of E+S products.

Gross Profit

As a result of the above reasons, the Group's gross profit increased to RMB17,490.7 million in the first half of 2017 from RMB10,754.4 million for the same period of 2016, mainly contributed by the increase in the gross profit of Beijing Benz.

The gross profit of Beijing Benz increased from RMB10,482.1 million in the first half of 2016 to RMB18,748.7 million for the same period in 2017, up by 78.9% year-on-year and gross profit margin increased from 28.1% in the first half of 2016 to 32.2% in the first half of 2017, mainly due to (i) 47.0% year-on-year increase in Beijing Benz sales volume and (ii) the increase of average gross profit margin due to increase in the sales volume of higher gross profit margin models.

The gross profit of Beijing Brand decreased from RMB272.3 million in the first half of 2016 to gross loss of RMB1,258.0 million for the same period in 2017, and the gross profit margin decreased from 2.3% in the first half of 2016 to

Hyundai
The 9th
Generation
Sonata Hybrid

-14.9% in the first half of 2017, mainly contributed by (i) 45.5% year-on-year decrease in Beijing Brand sales volume and (ii) the additional price promotion offered by Beijing Brand in order to cope with impacts such as the slowdown in growth of domestic passenger vehicles industry and the adjustment of preferential policy for automobile purchase tax.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased to RMB6,218.7 million in the first half of 2017 from RMB4,554.4 million for the same period of 2016, mainly contributed by the increase in the selling and distribution expenses of Beijing Benz.

The selling and distribution expenses of Beijing Benz increased from RMB3,550.8 million in the first half of 2016 to RMB5,403.3 million for the same period in 2017, up by 52.2% year-on-year, the ratio of selling and distribution expenses of Beijing Benz in its revenue decreased from 9.5% in the first half of 2016 to 9.3% in the first half of 2017, mainly attributable to (i) the increase in expenses from trademark license fee, technical fee and advertising cost resulting from the increased sales volume; and (ii) Beijing Benz's stricter budget control system on selling and distribution expenses which resulted in a decrease in the proportion of selling and distribution expenses to revenue.

The selling and distribution expenses of Beijing Brand decreased from RMB1,003.6 million in the first half of 2016 to RMB815.4 million for the same period in 2017, down by 18.7% year-on-year, and the ratio of selling and distribution expenses of Beijing Brand in its revenue increased from 8.6% in the first half of 2016 to 9.7% in the first half of 2017, mainly due to (i) the decrease in expenses from marketing fee, quality premium and transportation cost resulting from the increased sales volume, and (ii) the decrease in selling and distribution expenses is less than the decrease in revenue due to the fixed costs of warehousing and labor costs, resulting in an increase in the proportion of selling and distribution expenses to revenue.

Administrative Expenses

The Group's administrative expenses increased to RMB2,123.3 million in the first half of 2017 from RMB1,923.5 million for the same period of 2016, mainly contributed by the increase in the administrative expenses of Beijing Benz.

The administrative expenses of Beijing Benz increased from RMB1,292.1 million in the first half of 2016 to RMB1,553.1 million for the same period of 2017, up by 20.2% year-on-year; the ratio of administrative expenses of Beijing Benz in its revenue decreased from 3.5% in the first half of 2016 to 2.7% in the first half of 2017, mainly due to (i) increased expenses from urban development tax and education surcharge as a result of increased sales volume and (ii) a strict budgetary system carried out in Beijing Benz, which stabilized the administrative expenses and achieved a steady decrease in the administrative expenses ratio along with the increase in revenue.

The administrative expenses of Beijing Brand decreased from RMB631.4 million in the first half of 2016 to RMB570.2 million for the same period in 2017, decreased by 9.7% year-on-year, and the ratio of administrative expenses of Beijing Brand in its revenue increased from 5.4% in the first half of 2016 to 6.8% in the first half of 2017, mainly due to (i) the reduction in the expenditures for urban development tax and education surcharge resulting from the decreased sales volume; and (ii) the decrease in administrative expenses is less than the decrease in revenue due to the fixed costs of labor costs and rental fees, resulting in an increase in the proportion of administrative expenses to revenue.

Foreign Exchange Losses[7]

The Group's foreign exchange loss increased from RMB468.9 million in the first half of 2016 to RMB866.8 million in the first half of 2017. The increase in foreign exchange loss was mainly attributable to exchange losses incurred by euro-denominated payments as a result of the decline in the exchange rate of Renminbi against Euro.

7 Foreign exchange losses include forward foreign exchange contracts at fair value through profit or loss.

PART FIVE

MANAGEMENT DISCUSSION AND ANALYSIS

The Group (mainly the businesses of Beijing Benz) used foreign currencies (primarily Euro) to pay for part of its imported parts and components, and the Group also had borrowings denominated in foreign currencies. Foreign exchange fluctuations may affect the Group's operating results.

The Group has a well-developed foreign exchange management strategy that continuously and orderly controls foreign exchange rate risks of foreign exchange exposure. At present, the Group mainly uses foreign exchange forward contracts as our hedging tool.

Finance Costs

The Group's net finance costs increased to RMB325.8 million in the first half of 2017 from RMB254.7 million in the first half of 2016, mainly attributable to the increase in finance costs of Beijing Brand.

Net financial income of Beijing Benz decreased to RMB101.7 million in the first half of 2017 from RMB117.1 million in the first half of 2016, representing a year-on-year decrease of 13.2%, mainly attributable to the increase in the amortization of discount on the non-current warranty provisions.

Net finance costs of Beijing Brand increased to RMB427.5 million in the first half of 2017 from RMB371.8 million in the first half of 2016, representing a year-on-year increase of 15.0%, mainly attributable to the cost of capital market in the first half of 2017 was generally higher than that in the first half of 2016.

Share of Profits of Joint Ventures and Associates

The Group recorded a total investment loss of RMB132.3 million in the first half of 2017, representing a year-on-year decrease of RMB2,111.1 million, mainly due to the decrease in profit of Beijing Hyundai and related supporting enterprises due to the slowdown in passenger vehicle market and other impacts.

Income Tax Expense

Income tax expense of the Group increased to RMB2,833.7 million in the first half of 2017 from RMB1,333.6 million in the first half of 2016, representing a year-on-year increase of 112.5%, mainly attributable to the increase in taxable income of Beijing Benz. Effective tax rate increased to 36.0% in the first half of 2017 from 23.2% in the first half of 2016.

The rates of enterprise income tax applicable to the Company and its subsidiaries in the first half of 2016 and the first half of 2017 were: 15.0% for PRC entities that qualified as new and high technology enterprises, 16.5% for Hong Kong profits tax, 32.8% for German enterprise income tax and the statutory 25.0% for other PRC enterprises. The statutory enterprise income tax rate of 25.0% was applicable to Beijing Benz in the first half of 2016 and the first half of 2017.

Net Profit

Based on the aforesaid reasons, the Group's net profit increased to RMB5,047.9 million in the first half of 2017 from RMB4,420.3 million in the first half of 2016, representing a year-on-year increase of 14.2%, mainly attributable to (i) the increase in net profits of Beijing Benz and (ii) decrease in net profits of Beijing Brand.

Net profit of Beijing Benz increased to RMB8,312.8 million in the first half of 2017 from RMB4,021.9 million in the first half of 2016, representing a year-on-year increase of 106.7%.

Net profit (including investment income) of Beijing Brand decreased to RMB -3,264.9 million in the first half of 2017 from RMB398.4 million in the first half of 2016, representing a year-on-year decrease of RMB3,663.3 million.

Net Profit Attributable to Equity Holders of the Company

The Group's net profit attributable to equity holders of the Company decreased to RMB985.7 million in the first half of 2017 from RMB2,411.3 million in the first half of 2016, representing a year-on-year decrease of 59.1%. Basic earnings per share decreased to RMB0.13 in the first half of 2017 from RMB0.32 in the first half of 2016, representing a year-on-year decrease of 59.4%.

PART FIVE

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Resources and Capital Structure

As at June 30, 2017, the Group had cash and cash equivalents of RMB35,522.1 million, notes receivable of RMB6,149.3 million, notes payable of RMB9,524.7 million, outstanding borrowings of RMB35,151.0 million, undrawn bank facilities of RMB20,757.2 million, and commitments for capital expenditure of RMB6,116.6 million. The above outstanding borrowings included RMB1,921.8 million equivalents of Euro loans and RMB103.1 million equivalents of USD loans as at June 30, 2017.

At the end of 2016, the Group had cash and cash equivalents of RMB36,063.9 million, notes receivable of RMB14,640.5 million, notes payable of RMB9,916.9 million, outstanding borrowings of RMB35,378.7 million, and undrawn bank facilities of RMB22,491.0 million.

The Group usually satisfied its daily working capital requirements through self-owned cash and borrowings. As at June 30, 2017, the outstanding borrowings of the Group included short term borrowings and long-term borrowings of RMB24,530.3 million and RMB10,620.7 million, respectively. The Group will promptly repay the aforesaid borrowings at maturity.

In January 2017, BAIC Investment completed the issuance of the first tranche of 2017 corporate bonds with an issuance size of RMB800.0 million, a term of 7 years and a coupon rate of 4.29% per annum (with the issuer's option to adjust the coupon rate and investor's resale option at the end of the fifth year).

In July 2017, the Company completed the issuance of the 2017 green bonds with an issuance size of RMB2,300.0 million, a term of 7 years and a coupon rate of 4.72% per annum.

In July 2017, the Company completed the issuance of the first tranche of 2017 ultra-short-term debentures with an issuance size of RMB2,000.0 million, a term of 270 days and a coupon rate of 4.41% per annum.

As of June 30, 2017, none of the debt covenants in effect includes any agreement on the performance of Controlling Shareholders' obligations. The Group has also strictly followed all the terms and conditions in its debt covenants, and no default has taken place.

Total Asset

Total assets of the Group decreased to RMB167,376.4 million as at June 30, 2017 from RMB168,900.4 million at the end of 2016, representing a year-on-year decrease of 0.9%, mainly attributable to (i) the decrease in receivables arising from reduction of sales volume of Beijing Brand; and (ii) the increase in receivables arising from growth of sales volume of Beijing Benz, partially offset the effect of decrease in receivables of Beijing brand.

Total Liabilities

Total liabilities of the Group increased to RMB113,253.0 million as at June 30, 2017 from RMB110,867.1 million at the end of 2016, representing a year-on-year increase of 2.2%. This was mainly attributable to (i) the decrease in trade payable for the purchase of raw materials as a result of decrease in production of Beijing Brand; (ii) the increase in trade payable for the purchase of raw materials as a result of the increase in production of Beijing Benz; and (iii) the increase in other payables due to the dividend distribution declared by the Company and Beijing Benz.

Total Equity

Total equity of the Group decreased to RMB54,123.4 million as at June 30, 2017 from RMB58,033.3 million at the end of 2016, representing a year-on-year decrease of 6.7%, mainly attributable to (i) the increase in net profit of Beijing Benz; and (ii) dividend distribution declared by the Company and Beijing Benz offset part of the increase of the equity.

Net Gearing Ratio

The Group's net gearing ratio ((total borrowings less cash and cash equivalents)/(total equity plus the total borrowings less cash and cash equivalents)) was increased to -0.7% as at June 30, 2017 from -1.2% at the end of 2016, representing a year-on-year increase of 0.5 percentage point, remaining a stable level.

PART FIVE

MANAGEMENT DISCUSSION AND ANALYSIS

Significant Investments

Total capital expenditures of the Group decreased to RMB2,237.9 million in the first half of 2017 from RMB2,411.1 million in the first half of 2016, representing a year-on-year decrease of 7.2%, of which capital expenditures of Beijing Benz decreased to RMB1,025.1 million in the first half of 2017 from RMB2,040.0 million in the first half of 2016, and capital expenditures of Beijing Brand increased to RMB1,212.8 million in the first half of 2017 from RMB371.1 million in the first half of 2016.

Total research and development expenses of the Group decreased to RMB1,214.6 million in the first half of 2017 from RMB1,398.5 million in the first half of 2016, representing a year-on-year decrease of 13.1%, the majority of which were incurred by Beijing Brand for its product research and development projects. Based on the accounting standards and the Group's accounting policy, most of the aforesaid research and development expenses complied with capitalization conditions and had been capitalized accordingly.

Material Acquisitions and Disposals

On June 23, 2017, the Company and Daimler Greater China entered into a capital increase agreement, pursuant to which both parties will increase capital to MBLC in proportion to their respective shareholding. After the capital increase, the Company continues to hold 35.0% equity interest of MBLC.

On July 20, 2017, the Company entered into a capital increase agreement with BJEV for the subscription of additional shares issued by BJEV. After the capital increase, the Company holds 8.15% of the equity interests.

For detailed information on the above co-operation, please refer to the Company's announcements dated June 25, 2017 and July 20, 2017.

Pledge of Assets

As at June 30, 2017, the Group had pledged notes receivable of RMB5,580.3 million.

Contingent Liabilities

The Group had no material contingent liabilities as at June 30, 2017.

Employee and Remuneration Policies

The Group's staffs decreased from 25,159 at the end of 2016 to 24,123 on June 30, 2017. The staff costs incurred by the Group increased from RMB2,261.0 million in the first half of 2016 to RMB2,504.9 million in the first half of 2017, representing a year-on-year increase of 10.8%, mainly due to (i) the increase in average labor cost of Beijing Benz; (ii) the higher labor hour as a result of the increase in production of Beijing Benz; and (iii) the increase in the annual average wage in society, resulting in the corresponding increase in the social pooling costs paid by the Group for employees.

By integrating human resources strategy with job classification, the Group has established a performance and competence based remuneration system, and will link the annual business objectives with the performance of different staff through a performance evaluation system, ensuring competitiveness in recruiting, retaining and motivating talents, as well as the pursuit of the Group's human resources strategy.

In addition, the Group has established a pension system to provide the qualified and voluntary employees with the supplementary pension system with certain guarantee on retirement income.

Lending

In the first half of 2017, the Group did not provide any loans to other entities.

External Financial Assistance or Guarantees

In the first half of 2017, the Group did not provide any financial assistance or guarantees to external parties.

PART SIX

REVIEW REPORT ON UNAUDITED INTERIM FINANCIAL INFORMATION

羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF BAIC MOTOR CORPORATION LIMITED
(incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 23 to 49, which comprises the interim condensed consolidated balance sheet of BAIC Motor Corporation Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2017 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, August 28, 2017

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PART SEVEN

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2017

	Note	**June 30, 2017 (Unaudited) RMB'000**	December 31, 2016 (Audited) RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**40,144,219**	40,071,342
Land use rights	6	**5,450,807**	5,482,557
Intangible assets	6	**13,921,971**	13,446,115
Investments accounted for using equity method		**18,034,656**	17,913,651
Available-for-sale financial assets	7	**1,106,400**	536,480
Deferred income tax assets		**6,027,509**	5,504,386
Other long-term assets		**1,783,058**	972,847
		86,468,620	83,927,378
Current assets			
Inventories		**13,886,231**	14,166,927
Accounts receivable	8	**22,283,189**	27,188,927
Advances to suppliers		**1,120,714**	1,163,249
Other receivables and prepayments		**5,058,570**	4,802,738
Restricted cash		**3,036,965**	1,587,258
Cash and cash equivalents		**35,522,067**	36,063,909
		80,907,736	84,973,008
Total assets		**167,376,356**	168,900,386

PART SEVEN

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2017

	Note	**June 30, 2017 (Unaudited) RMB'000**	December 31, 2016 (Audited) RMB'000
EQUITY			
Capital and reserves attributable to equity holders			
Share capital	9	**7,595,338**	7,595,338
Other reserves		**18,477,187**	17,636,248
Retained earnings		**13,711,574**	14,928,521
		39,784,099	40,160,107
Non-controlling interests		**14,339,274**	17,873,214
Total equity		**54,123,373**	58,033,321
LIABILITIES			
Non-current liabilities			
Borrowings	10	**10,620,687**	7,809,091
Deferred income tax liabilities		**795,843**	808,608
Provisions		**2,378,307**	2,067,044
Deferred income		**2,209,923**	2,021,757
		16,004,760	12,706,500
Current liabilities			
Accounts payable	11	**39,625,012**	41,892,244
Advances from customers		**357,579**	463,128
Other payables and accruals		**29,655,841**	24,413,446
Current income tax liabilities		**1,439,885**	2,326,451
Borrowings	10	**24,530,298**	27,569,624
Provisions		**1,639,608**	1,495,672
		97,248,223	98,160,565
Total liabilities		**113,252,983**	110,867,065
Total equity and liabilities		**167,376,356**	168,900,386

The notes on pages 31 to 49 are an integral part of this Interim Condensed Consolidated Financial Information.

Part Eight

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2017

	Note	For the six months ended June 30,	
		2017	2016
		(Unaudited)	(Unaudited)
		RMB'000	RMB'000
Revenue	5	**66,737,077**	49,038,815
Cost of sales		**(49,246,393)**	(38,284,442)
Gross profit		**17,490,684**	10,754,373
Selling and distribution expenses		**(6,218,675)**	(4,554,392)
General and administrative expenses		**(2,123,300)**	(1,923,452)
Other losses, net		**(808,910)**	(246,757)
Operating profit	12	**8,339,799**	4,029,772
Finance income		**211,903**	202,584
Finance costs		**(537,745)**	(457,307)
Finance costs, net		**(325,842)**	(254,723)
Share of (loss)/profit of investments accounted for using equity method		**(132,300)**	1,978,780
Profit before income tax		**7,881,657**	5,753,829
Income tax expense	13	**(2,833,712)**	(1,333,568)
Profit for the period		**5,047,945**	4,420,261
Profit attributable to:			
Equity holders of the Company		**985,701**	2,411,293
Non-controlling interests		**4,062,244**	2,008,968
		5,047,945	4,420,261
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in RMB per share)			
Basic and diluted	14	**0.13**	0.32

The notes on pages 31 to 49 are an integral part of this Interim Condensed Consolidated Financial Information.

Part Eight

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2017

	For the six months ended June 30,	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit for the period	**5,047,945**	4,420,261
Other Comprehensive Income:		
Items that may be reclassified to profit or loss		
Fair value gains on available-for-sale financial assets, net of tax	**569,920**	–
Cash flow hedges	**533,138**	–
Currency translation differences	**(832)**	–
Other comprehensive income for the period	**1,102,226**	–
Total comprehensive income for the period	**6,150,171**	4,420,261
Attributable to:		
Equity holders of the Company	**1,826,849**	2,411,293
Non-controlling interests	**4,323,322**	2,008,968
	6,150,171	4,420,261

The notes on pages 31 to 49 are an integral part of this Interim Condensed Consolidated Financial Information.

PART NINE

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2017

	Unaudited					
	Attributable to equity holders of the Company					
	Share capital RMB'000	Other Reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
For the six months ended June 30, 2017						
Balance at January 1, 2017	7,595,338	17,636,248	14,928,521	40,160,107	17,873,214	58,033,321
Profit for the period	–	–	985,701	985,701	4,062,244	5,047,945
Other comprehensive income	–	841,148	–	841,148	261,078	1,102,226
Total comprehensive income for the period	–	841,148	985,701	1,826,849	4,323,322	6,150,171
Transactions with owners						
Contribution from non-controlling interests holders of a subsidiary	–	–	–	–	717,738	717,738
Dividends to non-controlling interests holders of a subsidiary	–	–	–	–	(8,575,000)	(8,575,000)
Dividends relating to 2016 declared in June 2017	–	–	(2,202,648)	(2,202,648)	–	(2,202,648)
Others	–	(209)	–	(209)	–	(209)
	–	(209)	(2,202,648)	(2,202,857)	(7,857,262)	(10,060,119)
Balance at June 30, 2017	7,595,338	18,477,187	13,711,574	39,784,099	14,339,274	54,123,373

PART NINE

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2016

	Unaudited					
	Attributable to equity holders of the Company					
	Share capital RMB'000	Other Reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
For the six months ended June 30, 2016						
Balance at January 1, 2016	7,595,338	17,680,657	9,733,988	35,009,983	12,059,419	47,069,402
Profit for the period	–	–	2,411,293	2,411,293	2,008,968	4,420,261
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the period	–	–	2,411,293	2,411,293	2,008,968	4,420,261
Transactions with owners						
Contribution from non-controlling interest holder of a subsidiary	–	–	–	–	582,471	582,471
Dividends relating to 2015 declared in May 2016	–	–	(1,139,301)	(1,139,301)	–	(1,139,301)
Others	–	(1,308)	–	(1,308)	(1,325)	(2,633)
	–	(1,308)	(1,139,301)	(1,140,609)	581,146	(559,463)
Balance at June 30, 2016	7,595,338	17,679,349	11,005,980	36,280,667	14,649,533	50,930,200

The notes on pages 31 to 49 are an integral part of this Interim Condensed Consolidated Financial Information.

PART TEN

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2017

	For the six months ended June 30,	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	**13,855,642**	6,499,660
Interest paid	**(492,960)**	(365,942)
Interest received	**211,903**	202,584
Income tax paid	**(4,241,031)**	(2,919,098)
Net cash generated from operating activities	**9,333,554**	3,417,204
Cash flows from investing activities		
Purchase of property, plant and equipment	**(2,663,910)**	(2,842,286)
Purchase of land use rights	**(66)**	(215,338)
Addition of intangible assets	**(818,952)**	(1,301,740)
Investment in joint ventures	**(570,845)**	(1,351,643)
Investment in associates	**(219,998)**	(660,000)
Investment in available-for-sale financial assets	**–**	(532,480)
Prepayment for an investment	**(480,874)**	–
Receipt of government grants for capital expenditures	**14,267**	–
Proceeds from disposals of property, plant and equipment and intangible assets	**6,303**	3,330
Dividends received from joint venture	**–**	3,717,888
Dividends received from associates	**24,059**	27,731
Increase of restricted cash	**(1,449,706)**	(408,873)
Net cash used in investing activities	**(6,159,722)**	(3,563,411)

PART TEN

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2017

	For the six months ended June 30,	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cash flows from financing activities		
Proceeds from borrowings	**11,262,115**	12,172,977
Repayments of borrowings	**(11,601,895)**	(9,937,501)
Dividends to non-controlling interests holders of a subsidiary	**(3,347,256)**	–
Contribution from non-controlling interest holders of a subsidiary	**–**	582,471
Net cash (used in)/generated from financing activities	**(3,687,036)**	2,817,947
Net (decrease)/increase in cash and cash equivalents	**(513,204)**	2,671,740
Cash and cash equivalents at January 1	**36,063,909**	23,946,496
Exchange gains on cash and cash equivalents	**(28,638)**	4
Cash and cash equivalents at June 30	**35,522,067**	26,618,240

Supplemental cash flow disclosure – significant non-cash transaction:

In March 2017, Beijing Benz Automotive Co., Ltd. ("Beijing Benz") increased its paid in capital of RMB1,464,771,000 by utilizing dividends payable to its shareholders, including the amount due to non-controlling interest holders of Daimler AG and Daimler Greater China Ltd., of RMB717,738,000 in aggregate.

The notes on pages 31 to 49 are an integral part of this Interim Condensed Consolidated Financial Information.

PART ELEVEN

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2017

1 General Information

BAIC Motor Corporation Limited (the "Company" or "Beijing Motor"), together with its subsidiaries (collectively referred to as the "Group"), are principally engaged in the manufacturing and sales of passenger vehicles, engines and auto parts in the People's Republic of China (the "PRC").

The address of the Company's registered office is the fifth building, Block 25 Shuntong Road, Shunyi District, Beijing, the PRC.

The Company was incorporated in the PRC on September 20, 2010 as a joint stock company with limited liability under Company Law of the PRC. The immediate parent company of the Company is Beijing Automotive Group Co., Ltd. ("BAIC Group"), which is beneficially owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality (the "SASAC Beijing"). The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since December 19, 2014.

This Interim Condensed Consolidated financial information ("Condensed Financial Information") is presented in thousands of Renminbi Yuan ("RMB"), unless otherwise stated, and is approved for issue by the Board of Directors on August 28, 2017.

This Condensed Financial Information has not been audited.

2 Basis of preparation and accounting policies

2.1 Basis of preparation

This Condensed Financial Information has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". The Condensed Financial Information should be read in conjunction with the annual financial statements for the year ended December 31, 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

As at June 30, 2017, the current liabilities of the Group exceeded its current assets by RMB16,340 million. Given the debt obligations and working capital requirements, management has thoroughly considered the Group's available sources of the funds as follows:

- the Group's continuous net cash generated from operating and financing activities; and
- undrawn short-term and long-term banking facilities of approximately RMB8,066 million and RMB12,691 million respectively as at June 30, 2017.

Based on the above considerations, the directors of the Company are of the opinion that the Group has sufficient available financial resources to meet the needs of its working capital requirements and refinance. As a result, this Condensed Financial Information has been prepared on a going concern basis.

2 Basis of preparation and accounting policies (Continued)

2.2 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2016, as described in those annual financial statements except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of amendments to IFRSs effective for the financial year ending December 31, 2017:

(a) Amendments to IFRSs effective for the financial year ending December 31, 2017 do not have material impact on the Group.

(b) Impact of standards issued but not yet applied by the Group.

(i) **IFRS 9 "Financial instruments"**

IFRS 9 "Financial Instruments" addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has decided not to adopt IFRS 9 until it becomes mandatory on January 1, 2018.

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets given fair value through other comprehensive income ("FVOCI") election is available for the equity instruments which are currently classified as available-for-sale ("AFS").

There will not be a significant impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 "Financial Instruments: Recognition and Measurement" and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. However, at this stage the Group does not expect to identify any new hedge relationships. It would appear that the Group's current hedge relationships would qualify as continuing hedges upon the adoption of IFRS 9. Accordingly, the Group does not expect a significant impact on the accounting for its hedging relationships.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 "Revenue from Contracts with Customers", lease receivables, loan commitments and certain financial guarantee contracts.

If the Group were to adopt the new rules from January 1, 2017, the Group does not expect this new standard to have a material impact to the financial statements.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

2 Basis of preparation and accounting policies (Continued)

2.2 Accounting policies (Continued)

(ii) IFRS 15 "Revenue from Contracts with Customers"

The International Accounting Standards Board ("IASB") has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers revenue arising from the sale of goods and the rendering of services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for first interim periods within annual reporting period beginning on or after January 1, 2018. The Group will adopt the new standard from January 1, 2018.

Management has identified the following areas that are likely to be affected:

- bundle sales – the application of IFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue.
- accounting for costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognized as an asset under IFRS 15.

The management is currently evaluating the impact of adopting IFRS 15 on its financial statements.

(iii) IFRS 16 "Leases"

IFRS 16 was issued in January 2016. It will results in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. The Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The standard is mandatory for first interim period within annual reporting period beginning on or after January 1, 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

3 Estimates

The preparation of the Condensed Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Condensed Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2016.

4 Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Condensed Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2016.

There have been no changes in the risk management policies since year end.

4.2 Liquidity risk

The tables below analyze the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At June 30, 2017 (unaudited)					
Borrowings	**25,403,618**	**842,344**	**8,359,810**	**2,586,250**	**37,192,022**
Accounts payable	**39,625,012**	**–**	**–**	**–**	**39,625,012**
Other payables and accruals	**28,423,543**	**–**	**–**	**–**	**28,423,543**
At December 31, 2016 (audited)					
Borrowings	28,539,991	983,380	5,321,238	2,612,716	37,457,325
Accounts payable	41,892,244	–	–	–	41,892,244
Other payables and accruals	22,101,042	–	–	–	22,101,042

4 Financial risk management (Continued)

4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial assets that are measured at fair value at June 30, 2017 and December 31, 2016.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at fair value through profit or loss (note (a))				
At June 30, 2017 (unaudited)	–	493,596	–	493,596
At December 31, 2016 (audited)	–	17,253	–	17,253

As at June 30, 2017 and December 31, 2016, the Group has no financial liabilities that are measured at fair value.

Notes:

(a) Financial assets at fair value through profit or loss represented forward foreign exchange contracts entered by Beijing Benz Automotive Co., Ltd. ("Beijing Benz") to hedge against their relative currency movements of Euro denominated trade payables (the hedged forecast transactions). Level 2 hedging derivatives comprise forward foreign exchange contracts. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. The effects of discounting are generally insignificant for Level 2 derivatives.

(b) There were no transfers between Levels 1 and 2 during the period.

(c) There was no change in valuation techniques during the period.

4 Financial risk management (Continued)

4.3 Fair value estimation (Continued)

(d) The fair value of the following financial assets and liabilities approximate their carrying amount:

- Accounts receivable
- Other receivables and prepayments
- Cash and cash equivalents
- Accounts payable
- Other payables and accruals
- Borrowings in current liabilities

5 Segment information

The Group's segment information is presented on the basis of internal reports that are regularly reviewed by the Group's Executive Committee, in order to allocate resources to the segments and assess their performance. For each of the Group's reportable segments, the Group's Executive Committee reviews internal management reports on monthly basis, at a minimum. Management has determined the reporting segments based on these reports.

The Group considers the business from a branded product perspective and has the following reportable segments:

- Passenger vehicles of Beijing Brand: manufacturing and sales of passenger vehicles of BAIC brands, and providing other businesses and related services.
- Passenger vehicles of Beijing Benz: manufacturing and sales of passenger vehicles and engines of Beijing Benz, and providing other related services.

PART ELEVEN

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2017

5 Segment information (Continued)

Management defines segment results based on gross profit. The revenue from external parties reported to the Group's Executive Committee is measured in a manner consistent with that in the statement of comprehensive income. Information about reportable segments and reconciliations of reportable segment results are as follows:

	Passenger vehicles – Beijing Brand (Unaudited) RMB'000	Passenger vehicles – Beijing Benz (Unaudited) RMB'000	Eliminations (Unaudited) RMB'000	Total (Unaudited) RMB'000
For the six months ended June 30, 2017				
Total revenue	8,469,414	58,313,255	(45,592)	66,737,077
Inter-segment revenue	(45,592)	–	45,592	–
Revenue from external customers	8,423,822	58,313,255	–	66,737,077
Segment gross (loss)/profit	(1,258,048)	18,748,732	–	17,490,684
Other profit & loss disclosure:				
Selling and distribution expenses				(6,218,675)
General and administrative expenses				(2,123,300)
Other losses, net				(808,910)
Finance costs, net				(325,842)
Share of loss of investments accounted for using equity method				(132,300)
Profit before income tax				7,881,657
Income tax expense				(2,833,712)
Profit for the period				5,047,945
Other Information:				
Significant non-cash expenses				
Depreciation and amortization	(1,326,741)	(1,631,928)	–	(2,958,669)
Provisions for impairments on receivables and inventories	(250,154)	–	–	(250,154)
As at June 30, 2017				
Total assets	98,316,474	86,459,239	(17,399,357)	167,376,356
Including:				
Investments accounted for using equity method	18,034,656	–	–	18,034,656
Total liabilities	(62,033,535)	(57,102,984)	5,883,536	(113,252,983)

5 Segment information (Continued)

	Passenger vehicles – Beijing Brand (Unaudited) RMB'000	Passenger vehicles – Beijing Benz (Unaudited) RMB'000	Eliminations (Unaudited) RMB'000	Total (Unaudited) RMB'000
For the six months ended June 30, 2016				
Total revenue	11,699,908	37,368,530	(29,623)	49,038,815
Inter-segment revenue	(29,623)	–	29,623	–
Revenue from external customers	11,670,285	37,368,530	–	49,038,815
Segment gross profit	272,257	10,482,116	–	10,754,373
Other profit & loss disclosure:				
Selling and distribution expenses				(4,554,392)
General and administrative expenses				(1,923,452)
Other losses, net				(246,757)
Finance costs, net				(254,723)
Share of profit of investments accounted for using equity method				1,978,780
Profit before income tax				5,753,829
Income tax expense				(1,333,568)
Profit for the period				4,420,261
Other Information:				
Significant non-cash expenses				
Depreciation and amortization	(937,663)	(1,556,526)	–	(2,494,189)
Reversal of provisions/(provisions) for impairments on receivables and inventories	67,481	(63,992)	–	3,489
As at June 30, 2016				
Total assets	84,050,235	68,973,483	(12,147,385)	140,876,333
Including:				
Investments accounted for using equity method	14,833,990	–	–	14,833,990
Total liabilities	(51,726,530)	(39,764,584)	1,544,981	(89,946,133)

5 Segment information (Continued)

There is no customer accounting to 10 percent or more of the Group's revenue for each of the six months ended June 30, 2017 and 2016.

The Group is domiciled in PRC. The percentage of its revenue from external customers residing in the PRC is approximately 99.9% for the six months ended June 30, 2017 (six months ended June 30, 2016: 99.3%).

As at June 30, 2017, the percentage of the Group's non-current assets, other than financial instruments and deferred income tax assets, located in the mainland of the PRC is approximately 98.4% (as at December 31, 2016: 98.3%).

6 Property, plant and equipment, land use rights and intangible assets

	Property, plant and equipment RMB'000	Land use rights RMB'000	Intangible assets RMB'000
Six months ended June 30, 2017			
Net book value or valuation			
Opening amount as at January 1, 2017 (audited)	**40,071,342**	**5,482,557**	**13,446,115**
Additions	**2,174,813**	**35,128**	**1,242,320**
Disposals	**(12,629)**	**–**	**–**
Depreciation/amortization	**(2,089,307)**	**(66,878)**	**(766,464)**
Closing amount as at June 30, 2017 (unaudited)	**40,144,219**	**5,450,807**	**13,921,971**
Six months ended June 30, 2016			
Net book value or valuation			
Opening amount as at January 1, 2016 (audited)	38,353,039	5,222,063	11,473,224
Additions	2,195,714	215,338	1,606,668
Disposals	(4,290)	–	–
Depreciation/amortization	(1,929,697)	(63,378)	(523,272)
Closing amount as at June 30, 2016 (unaudited)	38,614,766	5,374,023	12,556,620

(a) There are no property, plant and equipment, land use rights and intangible assets pledged as collateral under borrowing agreements at June 30, 2017 and December 31, 2016.

(b) The Group has capitalized borrowing costs amounting to approximately RMB171,842,000 on qualifying assets of property, plant and equipment and intangible assets for the six months ended June 30, 2017 (six months ended June 30, 2016: approximately RMB189,408,300). Borrowing costs were capitalized at the weighted average of its borrowing rate of 3.88% during the six months ended June 30, 2017 (six months ended June 30, 2016: 4.23%).

7 Available-for-sale financial assets

The Group has 6.5% equity interests in Beijing Electric Vehicle Co., Ltd., ("BJEV"; a company incorporated in the PRC and majority owned by BAIC Group) as at June 30, 2017. Prior to six months period ended June 30, 2017, the investment was stated at cost less accumulated impairment losses and amounting to RMB532,480,000. The investment in BJEV was re-measured with the fair value given a reasonable estimate could be reached based on the price set in the capital increase agreement between the Group and BJEV signed on July 20, 2017 (Note 18). Accordingly, a gain of RMB569,920,000 was recognized through other comprehensive income in the six month period ended June 30, 2017.

8 Accounts receivable

	June 30, 2017 (Unaudited) RMB'000	December 31, 2016 (Audited) RMB'000
Trade receivables, gross (note (a))	**16,135,148**	12,549,502
Less: provision for impairment	**(1,264)**	(1,037)
	16,133,884	12,548,465
Notes receivable	**6,149,305**	14,640,462
	22,283,189	27,188,927

(a) The majority of the Group's sales are on credit. A credit period of up to 30 days for trade receivables and up to 3 to 6 months for notes receivable may be granted in respect of sales to customers with good credit history and long-established relationship with the Group. The ageing analysis of trade receivables is as follows:

	June 30, 2017 (Unaudited) RMB'000	December 31, 2016 (Audited) RMB'000
Current to 1 year	**15,089,317**	12,463,236
1 to 2 years	**1,019,043**	72,306
Over 2 years	**26,788**	13,960
	16,135,148	12,549,502

(b) All accounts receivable are denominated in RMB and their carrying amounts approximate fair values.

(c) There is no trade receivable pledged as collateral.

(d) The amounts of notes receivable pledged as collateral for notes payable issued by banks as at respective balance sheet dates are as follows:

	June 30, 2017 (Unaudited) RMB'000	December 31, 2016 (Audited) RMB'000
Pledged notes receivable	**5,580,324**	7,334,597

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2017

9 Share capital

	Number of shares of RMB1 each ('000)	Share capital RMB'000
Opening balance January 1, 2017 (audited)	**7,595,338**	**7,595,338**
At June 30, 2017 (unaudited)	**7,595,338**	**7,595,338**
Opening balance January 1, 2016 (audited)	7,595,338	7,595,338
At June 30, 2016 (unaudited)	7,595,338	7,595,338

10 Borrowings

	June 30, 2017 (Unaudited) RMB'000	December 31, 2016 (Audited) RMB'000
Non-current		
Bank borrowings	**2,829,624**	818,219
Corporate bonds	**7,791,063**	6,990,872
Total non-current borrowings	**10,620,687**	7,809,091
Current		
Bank borrowings	**19,688,920**	18,708,977
Add: current portion of non-current bank borrowings	**741,565**	831,220
	20,430,485	19,540,197
Corporate bonds	**2,499,931**	4,997,563
Add: current portion of non-current corporate bonds	**1,599,882**	3,031,864
	4,099,813	8,029,427
Total current borrowings	**24,530,298**	27,569,624
Total borrowings	**35,150,985**	35,378,715

Note:

(a) The borrowings include the secured borrowings of RMB338,052,000 at June 30, 2017 and RMB250,000,000 at December 31, 2016, respectively.

10 Borrowings (Continued)

(b) Movements in borrowings is analyzed as follows:

	Six months ended 30 June,	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
At the beginning of the period	**35,378,715**	30,266,015
Proceeds of new borrowings	**11,286,612**	13,989,504
Repayments of borrowings	**(11,520,998)**	(11,689,750)
Amortization of bond issuance costs	**6,656**	296
At the end of the period	**35,150,985**	32,566,065

(c) Undrawn facilities:

	June 30, 2017	December 31, 2016
	RMB'000	RMB'000
– Expiring within 1 year	**8,066,250**	350,000
– Expiring beyond 1 year	**12,690,922**	22,140,971
	20,757,172	22,490,971

11 Accounts payable

	June 30, 2017	December 31, 2016
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Trade payables	**30,100,326**	31,975,338
Notes payable	**9,524,686**	9,916,906
	39,625,012	41,892,244

Ageing analysis of trade payables is as follows:

	June 30, 2017	December 31, 2016
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Current to 1 year	**29,958,977**	31,939,550
1 year to 2 years	**127,771**	25,678
Over 2 years	**13,578**	10,110
	30,100,326	31,975,338

12 Operating profit

	For the six months ended June 30,	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Depreciation and amortization	**2,958,669**	2,494,189
Provisions/(Reversal of provisions) for impairments on receivables and inventories	**250,154**	(3,489)
Employee benefit costs	**2,504,858**	2,260,982
Gains from sales of scrap materials	**(18,206)**	(16,528)
Net foreign exchange losses, including forward foreign exchange contracts with fair value through profit or loss	**866,802**	468,899
Government grants	**(77,636)**	(228,848)
Losses on disposal of property, plant and equipment	**2,768**	960

13 Income tax expense

	For the six months ended June 30,	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current income tax	**3,368,743**	1,711,070
Deferred income tax credit	**(535,031)**	(377,502)
	2,833,712	1,333,568

According to the New and High-Technology Enterprise Certificate jointly issued by the Beijing Municipal Science & Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Office of the State Administration of Taxation and Beijing Local Taxation Bureau, the following entities of the Group were recognized as new and high-technology enterprises with preferential income tax rate of 15%:

	Period with preferential rate
– Company	2015 to 2017
– Beijing Beinei Engine Parts and Components Co., Ltd.	2015 to 2017
– BAIC Motor Powertrain Co., Ltd.	2016 to 2018

Except for the aforementioned companies and a subsidiary which is subject to Hong Kong profits tax at a rate of 16.5% and one subsidiary in Germany with income tax rate of 32.8%, provision for PRC enterprise income tax is calculated based on the statutory income tax rate of 25% for the six months ended at June 30, 2017 and Jane 30, 2016 on the assessable income of respective Group entities in accordance with relevant PRC enterprise income tax rules and regulations.

14 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares during the period.

	For the six months ended June 30,	
	2017 (Unaudited)	2016 (Unaudited)
Profit attributable to equity holders of the Company (RMB'000)	**985,701**	2,411,293
Weighted average number of ordinary shares in issue (thousands)	**7,595,338**	7,595,338
Earnings per share for profit attributable to equity holders of the Company	**0.13**	0.32

During the six months ended June 30, 2017 and 2016, there were no potential dilutive ordinary shares and diluted earnings per share was equal to basic earnings per share.

15 Dividends

The Board of Directors of the Company did not recommend the payment of any interim dividend for the six months ended June 30, 2017 (six months ended June 30, 2016: Nil). The dividend of approximately RMB2,202,648,000 (RMB0.29 per share) relating to the year ended December 31, 2016 was approved by the shareholders meeting held on June 2017. The dividends have not been paid at the date of this report

16 Capital Commitments

The Group have the following capital expenditures contracted but not yet incurred as at June 30, 2017 and December 31, 2016 respectively.

	June 30, 2017 RMB'000 (Unaudited)	December 31, 2016 RMB'000 (Audited)
Contracted but not yet incurred	**6,116,625**	4,571,657

17 Related party transactions

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The immediate parent company of the Company is BAIC Group, a state-owned enterprise established in the PRC. BAIC Group is beneficially owned by SASAC Beijing which also owns a significant portion of the productive assets and entities in the PRC (collectively referred as the "government-related entities"). In accordance with IAS 24 "Related Party Disclosures", government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by SASAC Beijing are regarded as related parties of the Group. On that basis, related parties include BAIC Group, other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence, and key management personnel of the Company and BAIC Group, as well as their close family members. For the purpose of the related party transaction disclosures, management believes that meaningful information relating to related party transactions has been adequately disclosed.

In addition to the information disclosed elsewhere in this Condensed Financial Information, the following transactions were carried out in the ordinary course of the Group's business and were determined based on mutually agreed terms for each of the six months ended June 30, 2017 and 2016.

(a) Significant transactions with related parties:

	For the six months ended June 30,	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Sale of goods, materials and technology to		
– BAIC Group	**127**	428
– subsidiaries of BAIC Group	**5,582,207**	4,044,588
– joint ventures	**375,474**	175,580
– associates	**–**	20
– other related companies	**366,509**	569,173
Services provided to		
– subsidiaries of BAIC Group	**1,921**	–
– associates	**–**	12,225
– other related companies	**95,283**	26,871
Purchases of goods and materials from		
– subsidiaries of BAIC Group	**7,755,389**	7,499,071
– an associate	**11,425**	49,527
– other related companies	**17,999,696**	17,066,314
Purchases of land and properties from		
– subsidiaries of BAIC Group	**99,869**	–

17 Related party transactions (Continued)

(a) Significant transactions with related parties: (Continued)

	For the six months ended June 30,	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Services provided by		
– BAIC Group	**257,133**	152,479
– subsidiaries of BAIC Group	**1,063,539**	859,509
– joint ventures	**658,716**	459,441
– other related companies	**2,215,601**	1,478,590
Rental expenses paid/payable to		
– BAIC Group	**–**	30,000
– subsidiaries of BAIC Group	**52,683**	64,629
Interest income received from		
– an associate	**85,643**	36,411
Interest expenses paid/payable to		
– an associate	**61,883**	59,436
Key management compensations		
– salaries, allowances and other benefits	**4,703**	5,120
– employer's contribution to pension scheme	**482**	313
– discretionary bonuses	**1,817**	607

17 Related party transactions (Continued)

(b) Significant balances with related parties:

	June 30, 2017 (Unaudited) RMB'000	December 31, 2016 (Audited) RMB'000
Assets		
Other long-term assets		
– subsidiaries of BAIC Group	**23,199**	58,997
Available-for-sale financial assets		
– subsidiaries of BAIC Group	**1,102,400**	532,480
– other related companies	**4,000**	4,000
Accounts receivable		
– BAIC Group	**1,312**	1,155
– subsidiaries of BAIC Group	**4,954,991**	4,449,343
– joint ventures	**89,456**	79,100
– associates	**197,664**	304,552
– other related companies	**497,494**	587,339
Advances to suppliers		
– subsidiaries of BAIC Group	**609,481**	481,767
– other related companies	**138,603**	180,950
– joint ventures	**39**	–
Other receivables and prepayments		
– BAIC Group	**16,381**	27,215
– subsidiaries of BAIC Group	**399,326**	1,641,864
– joint ventures	**2,196**	1,140
– associates	**9,942**	24,942
– other related companies	**99,518**	179,024
Dividends receivables from		
– joint ventures	**2,031**	–
Cash and cash equivalents		
– an associate	**10,330,402**	10,873,080

17 Related party transactions (Continued)

(b) Significant balances with related parties: (Continued)

	June 30, 2017 (Unaudited) RMB'000	December 31, 2016 (Audited) RMB'000
Liabilities		
Accounts payable		
– BAIC Group	–	63,298
– subsidiaries of BAIC Group	10,312,540	12,412,418
– associates	12,643	13,013
– other related companies	9,430,910	7,958,593
Advances from customers		
– BAIC Group	467	–
– subsidiaries of BAIC Group	36,730	12,361
– joint ventures	96	237
– associates	327	327
– other related companies	42	196
Other payables and accruals		
– BAIC Group	695,459	674,738
– subsidiaries of BAIC Group	1,631,393	1,613,560
– joint ventures	334,969	203,739
– associates	2,827	11,643
– other related companies	2,555,945	2,256,686
Dividends payable to		
– BAIC Group	990,831	–
– other related companies	6,032,321	902,670
Borrowings from		
– an associate	3,258,960	3,187,440

(c) Guarantees:

There is no guarantee on bank loans provided by or to related parties.

(d) Borrowings:

As at June 30, 2017, the borrowings obtained from BAIC Group Finance Co., Ltd. ("BAIC Finance"), a 20% owned associate, were RMB3,258,960,000 (December 31, 2016: RMB3,187,440,000).

(e) Deposits:

As at June 30, 2017, short-term deposits of RMB10,330,402,000 (December 31, 2016: RMB10,873,080,000) were deposited in BAIC Finance.

18 Events occurring after the balance sheet date

On July 4, 2017, the Group completed the issuance of 2017 green bond. The issuance size was RMB2.3 billion with a term of 7 years and an interest rate of 4.72% per annum.

On July 20, 2017, the Group completed the issuance of the first tranche of 2017 ultra short-term debentures. The issuance size was RMB2.0 billion with a term of 270 days and an interest rate of 4.41% per annum.

On July 20, 2017, the Group entered into a capital increase agreement with BJEV, pursuant to which, the Group subscribed for 223.6 million shares additionally issued by BJEV for a total consideration in cash and assets valued at RMB1,185,080,000. Upon completion of the capital increase, the Group will hold 8.15% of BJEV's total equity interests.

PART TWELVE

DEFINITIONS

"Articles of Association" or "Articles"	the Articles of Association of BAIC Motor Corporation Limited (as considered and approved at the 2014 Annual General Meeting of the Company held on June 29, 2015).
"Audit Committee"	the Audit Committee under the Board of Directors of the Company
"BAIC Group"	Beijing Automotive Group Co., Ltd.
"BAIC Finance"	BAIC Group Finance Co., Ltd.
"BAIC Investment"	BAIC Investment Co., Ltd., a company incorporated in the PRC on June 28, 2002, a subsidiary of the Company with 97.95% equity interest owned by the Company and the remaining 2.05% owned by BAIC Group.
"Beijing Benz"	Beijing Benz Automotive Co., Ltd. (previously known as Beijing Jeep Motor Co., Ltd. and Beijing Benz-Daimler Chrysler Automotive Co., Ltd.), a company incorporated in the PRC on July 1, 1983, a subsidiary of the Company with 51.0% equity interest owned by the Company, 38.67% owned by Daimler AG and 10.34% owned by Daimler Greater China Ltd.
"Beijing Brand"	when referring to the brand, it refers to proprietary brand of passenger vehicles of BAIC Motor, including Senova, BJ and Wevan series and relevant new energy vehicles; when referring to the business segment, it means the consolidated business of the Company and its subsidiaries (excluding Beijing Benz). Segment profits of Beijing Brand should include the share of investment income of investment enterprises, e.g. Beijing Hyundai

PART TWELVE

DEFINITIONS

"Beijing Hyundai"	Beijing Hyundai Motor Co., Ltd., a company incorporated in the PRC on October 16, 2002, a joint venture in which BAIC Investment owns 50.0% equity interest with the remaining 50.0% owned by Hyundai Motor.
"BJEV"	Beijing Electric Vehicle Ltd.
"Board" or "Board of Directors"	the board of Directors of the Company
"Board of Supervisors"	the board of Supervisors of the Company
"CAAM"	China Association of Automobile Manufactures
"Company" or "We"	BAIC Motor Corporation Limited
"Company Law"	the Company Law of the PRC, as amended and adopted by the Standing Committee of the Twelve National People's Congress on December 28, 2013 and effective from March 1, 2014, as amended, supplemented and otherwise modified from time to time
"Controlling Shareholders"	has the meaning ascribed thereto in the Listing Rules
"Corporate Governance Code"	the Code on Corporate Governance as set forth in Appendix 14 to the Listing Rules
"Daimler"	Daimler AG, a company established in Germany in 1886 which is a Shareholder and a Connected Person of the Company

PART TWELVE

DEFINITIONS

"Daimler Greater China"	Daimler Greater China Ltd.
"Director(s)"	director(s) of the Company
"Domestic Share(s)"	ordinary shares in the Company's share capital, with a nominal value of RMB1.0 each, which are subscribed for and paid up in Renminbi
"End of 2016"	December 31, 2016
"FJMOTOR"	Fujian Motor Industry Group Co.
"Fujian Benz"	Fujian Benz Automotive Co., Ltd.
"General meeting"	general meeting of the Company
"Group", "Our Group"	the Company and its subsidiaries
"H shares"	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.0 each, subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
"HK$" or "Hong Kong dollars" or "HK dollars"	the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

PART TWELVE
DEFINITIONS

"Hyundai"	a brand owned by Hyundai Motor Company and which our joint venture Beijing Hyundai is authorized to use
"Hyundai Motor"	Hyundai Motor Company, a company incorporated in the Republic of Korea and whose shares are listed on the Korea Stock Exchange, which owns 50.0% equity interest in Beijing Hyundai
"IFRSs"	International Financial Reporting Standards issued by the International Accounting Standards Board
"the Latest Practicable Date"	September 25, 2017
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Main Board"	the stock market operated by the Stock Exchange (excluding the options market), independent of the growth enterprise market of the Stock Exchange and under parallel operation with the growth enterprise market
"MBLC"	Mercedes-Benz Leasing Co. Ltd.
"Mercedes-Benz"	a brand owned by Daimler AG and which our subsidiary Beijing Benz is authorized to use
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set forth in Appendix 10 to the Listing Rules
"Nomination Committee"	the Nomination Committee under the Board of Directors of the Company
"PRC"	the People's Republic of China

PART TWELVE

DEFINITIONS

"Remuneration Committee"	remuneration committee of the Board of the Company
"Reporting Period" or "First Half of 2017"	the six-month period from January 1, 2017 to June 30, 2017
"RMB" or "Renminbi"	the lawful currency of the PRC
"Senior Management"	senior management of the Company
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or other modified from time to time
"Shareholder(s)"	holder(s) of the Share(s)
"Shares"	Domestic shares and H Shares
"Special Committees"	collectively, Strategy Committee, Audit Committee, Remuneration Committee and Nomination Committee
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	strategy committee of the Board of the Company
"Subsidiary(ies)"	has the meaning ascribed thereto in section 2 of the Company Ordinance
"Supervisor(s)"	supervisor(s) of the Company
"Yuan"	CNY, Chinese Yuan Renminbi

北京汽车股份有限公司
BAIC MOTOR CORPORATION LIMITED*