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北京汽车
BAIC MOTOR

北京汽車股份有限公司

BAIC MOTOR CORPORATION LIMITED*

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

(Stock Code: 1958)

**VOLUNTARY ANNOUNCEMENT
ENTERING INTO THE STRATEGIC COOPERATION FRAMEWORK
AGREEMENT WITH BAIDU**

This announcement is made by BAIC Motor Corporation Limited (the “**Company**”) on a voluntary basis.

The Company is pleased to announce that after the strategic cooperation framework agreement entered into on January 9, 2017 between the Company and Beijing Baidu Netcom Science and Technology Company Limited (北京百度網訊科技有限公司) (“**Baidu**”), the parties once again entered into a strategic cooperation framework agreement (the “**Framework Agreement**”) on October 16, 2017 to further define the substance of the cooperation and the implementation approaches.

Pursuant to the Framework Agreement, the Company and Baidu will initiate intensive cooperation in the fields of self-driving, information products, cloud services, Baidu Security AI addressing “cloud-based information security of vehicles”, etc., mainly including:

- in the field of self-driving: working together to achieve in phases the mass production of vehicle models equipped with the L3 level and the L4 level (for future) technical competency by 2021 based on Baidu’s Project Apollo and the BAIC’s vehicle platform and with the core technology of artificial intelligence;
- in the field of information products: making joint efforts to develop internet of vehicles products based on the integration of the BAIC’s car system with products of Baidu including DuerOS products, AI products of Baidu Image, AI products of Baidu Content, AI products of Baidu Big Data and CarLife, with a view to providing users with in-car one-stop services and achieving mutual benefits for the parties;
- jointly initiating relevant cooperation in the field of cloud services, building a vehicle-focused big data platform, initiating cooperation in vehicle-focused big data analysis and application, creating a brand new cloud ecosystem and exploring value-added big data services in respect of intelligent transportation and travelling;

- in the field of Baidu Security AI addressing “cloud-based information security of vehicles”, Baidu providing the BAIC with all-round technical security solutions and guaranteed services covering internet onboard computer, CAN busbar and cloud services;
- jointly exploring cooperation opportunities including new models of vehicle sharing for the future.

Pursuant to the Framework Agreement, the parties aim to achieve the above objectives of cooperation in four phases, and to have the artificial intelligence-based L4 level intelligent driving technology meet the technical competency for mass production and application by 2021.

The conclusion of the Framework Agreement marks a substantial advance in the strategic partnership between the Company and Baidu and also raises the cooperation level to a new height. The Company is among the first batch of significant partners of Baidu’s Apollo ecosystem, and also the first automobile enterprise with which Apollo initiates all-round and in-depth cooperation in the fields of self-driving, intelligent vehicle connection, cloud services, cloud-based information security of vehicles, self-driving vehicle focused testing services and demonstration operation. This cooperation is expected to promote the upgrade of the automotive industry to a certain extent, serve as a model in exploring ecosystems featuring the in-depth integration of “artificial intelligence + vehicles” and exert a profound influence on the fields of vehicles and artificial intelligence. Leveraging the complementary advantages, the parties will jointly build a benign ecosystem nurtured with sustainable innovation and impel innovation on self-driving technologies, so as to promote the intelligence-oriented vehicle upgrade. In light of the above, the Company believes that entering into the Framework Agreement with Baidu is in the interests of the Company and its shareholders as a whole.

The Framework Agreement and the transactions contemplated thereunder do not constitute the notifiable transactions of the Company within the meaning of Chapter 14 nor connected transactions within the meaning of Chapter 14A of The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Investors and shareholders of the Company should note that the transactions contemplated under the Framework Agreement are conditional upon the conclusion of a final agreement, and may or may not proceed. Should the final agreement be signed, the Company will make separate announcements, when necessary or appropriate, in accordance with the Listing Rules. Investors and shareholders of the Company are urged to exercise caution when dealing in the shares of Company.

By order of the board of directors
BAIC Motor Corporation Limited
Xu Heyi
Chairman

Beijing, the PRC, October 16, 2017

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

* For identification purpose only